United Nations A/72/270

General Assembly

Distr.: General
1 August 2017

Original: English

Seventy-second session
Item 23 (a) of the provisional agenda*
Groups of countries in special situations: follow-up to the Fourth United Nations Conference on the Least Developed Countries

Crisis mitigation and resilience-building for the least developed countries

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolutions 70/294 and 71/238, in which it was decided that an in-depth analysis would be undertaken on crisis mitigation and resilience-building for the least developed countries, at the national and international levels, and would be submitted to the Assembly at its seventy-second session. In the present report, various shocks and their impacts on sustainable development in the least developed countries are highlighted; the current national, regional and international landscapes of various risk management mechanisms are reviewed; and recommendations are made for further action to strengthen the resilience of the least developed countries. Details are provided on how the international community, including developed and developing countries, the United Nations system and other international and regional organizations, are supporting and can deepen support for resilience-building for the least developed countries, and the ways in which various stakeholders, such as the private sector, civil society and academia, as well as local knowledge and community involvement, can contribute to resilience-building for the least developed countries through preparedness measures, the creation of employment, awareness-raising, the provision of insurance and other measures are examined.

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I. Introduction

1. The 47 least developed countries represent the poorest and most vulnerable segment of the international community. Extreme poverty, structural weaknesses, poor infrastructure and acute susceptibility to external shocks constitute a set of enduring challenges for those countries. Adverse effects of those challenges are compounded by a variety of systemic shocks, including economic crises, commodity price volatility, health epidemics, and natural disasters and other environmental shocks, which occur disproportionately in the least developed countries.

2. These shocks not only halt the pace of economic progress and exacerbate poverty, but also undermine the capacity of the least developed countries to achieve the 2030 Agenda for Sustainable Development. Thus, not only are those countries exposed to extreme shocks, but they are also severely affected by them, given their weak economies and poor resilience. It is therefore vitally important to reduce their vulnerability to economic, health and environmental shocks, including natural disasters and climate change, strengthen their resilience and enhance their ability to meet those challenges and others.

3. In this context, the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020 is aimed at helping the least developed countries to overcome their structural challenges in order to achieve the Sustainable Development Goals. One of the objectives of the Istanbul Programme of Action is to enable half of the least developed countries to meet the criteria for graduation by 2020, which include structural vulnerability to economic and environmental shocks. To achieve this ambitious goal would warrant sustained and inclusive economic growth in those countries, reducing their vulnerability to various shocks and crises and strengthening their resilience.

II. Multiple shocks in the least developed countries

4. All economies are subject to various systemic shocks. In the least developed countries, such shocks occur more frequently and cause greater economic instability than those in advanced and emerging market economies. According to the International Monetary Fund (IMF), the frequency of shocks increases sharply and monotonically as the income level of the country group decreases. In particular, large terms-of-trade shocks occur almost six times as often in poorer countries than in advanced countries.

5. The high frequency of external shocks in some least developed countries is due in part to their greater exposure to such shocks, as those countries often have topographies with geological fault lines (with the risk of earthquakes), floodplains and coastal areas at high risk of cyclones and typhoons. They are also subject to a greater degree of economic instability because they are predominantly dependent on primary commodities and less diversified exports. Primary commodity prices experience considerable short-term variability relative to the prices of other tradable and industrial goods. The least developed countries also rely largely on climate-dependent sectors, such as agriculture and tourism, for generating economic output and employment. Climate change and increasing globalization make the least developed countries vulnerable to external shocks.

A. Natural disasters in the least developed countries

6. The risk of natural disasters is a universal challenge. However, given their geographical vulnerability, limited fiscal and financial capabilities and various institutional weaknesses, the least developed countries remain the most vulnerable to natural hazards. In the World Risk Index 2016,[1] an analysis of 171 countries, it was found that 6 of the 15 countries that are most at risk are least developed countries.[2]

7. According to the EM-DAT International Disaster Database, in the past two decades (1995-2016), the vast majority (around 70 per cent) of natural disasters in the least developed countries were weather-related, owing largely to a continuous rise in the numbers of floods and storms. Of all weather-related disasters, flooding accounted for almost 40 per cent; it affected around 178 million people and was responsible for the deaths of more than 28,000 people. Storms (which include hurricanes, cyclones and storm surges) accounted for around 14 per cent of the total weather-related disasters in those countries. Storms affected over 40 million people and, despite occurring less frequently than floods, were responsible for the deaths of almost 155,000 people. A disproportionate burden of the deaths is borne by poorer countries and the least developed countries. As reported in 2015 by the Centre for Research on the Epidemiology of Disasters and the United Nations Office for Disaster Risk Reduction, although lower-income countries experienced about a quarter of all storms, the vast majority (almost 90 per cent) of storm-related deaths occurred in those countries.

8. Among recent major disasters and shocks in the least developed countries, Cyclone Pam, which struck Vanuatu in March 2015, affected two thirds of its population and damaged or destroyed much of the housing stock, causing around 65,000 people to be displaced from their homes. The tropical cyclone disrupted the food and water supply, cut off electricity and communications and forced many schools and medical facilities to close. The total economic cost of the effects caused by Cyclone Pam was estimated to be approximately $449.4 million, equivalent to 64.1 per cent of the country's gross domestic product (GDP).[3]

9. In April 2015, Nepal was struck by a devastating earthquake with a magnitude of 7.6, followed by more than 300 aftershocks with magnitudes greater than 4.0, including one with a magnitude of 6.8 two weeks after the initial shock. More than 8 million people, equivalent to one third of the population, were adversely affected. There were more than 9,000 casualties and 23,000 injuries. Over 500,000 houses were destroyed and more than 250,000 were partially damaged. In some areas, landslides and avalanches swept away entire settlements, which also contributed to the risk of flooding. Damage and losses were estimated at around one third of GDP,

[1] Prepared by the Alliance Development Works and the United Nations University, the World Risk Index examines the risk of each country becoming victim to a disaster resulting from an extreme natural hazard, where "risk" comprises exposure to natural hazards and the vulnerability of a society.

[2] The least developed countries deemed most at risk are Vanuatu, Bangladesh, Solomon Islands, Cambodia, Timor-Leste and Guinea-Bissau.

[3] International Monetary Fund, "With external support, Vanuatu's recovery builds on prudent past", 6 July 2015, available from www.imf.org/en/News/Articles/2015/09/28/04/53/socar070715a; and Vanuatu, Prime Minister's Office, *Post-Disaster Needs Assessment: Tropical Cyclone Pam, March 2015* (Port Vila, 2015).

which is more than 100 per cent of gross fixed capital formation. GDP growth for 2015, previously forecasted to be 4.6 per cent, dropped to 3 per cent.[4]

10. In October 2016, Hurricane Matthew cut a path of destruction across Haiti, causing widespread damage in the south-west of the country. The death toll from Hurricane Matthew was around 550. An estimated 2.1 million Haitians (more than 20 per cent of the population) were affected by the crisis.[5] In January 2010, a devastating earthquake with a magnitude of 7.3 struck Haiti, affecting around 3.5 million people, including the entire population of 2.8 million living in the capital, Port-au-Prince. The government estimate suggests that more than 220,000 people were killed and over 300,000 injured.

11. Densely-populated Bangladesh is highly disaster-prone and often affected by storms, floods and landslides. Between 2013 and 2015, riverine floods affected more than 4 million people and killed 90. The total damage from these flood occurrences was around $200 million. In June 2017, heavy rainfall and onrushes of water from upstream triggered a series of landslides and floods in Bangladesh. Torrential monsoon rains in south-eastern Bangladesh triggered heavy mudslides, which claimed at least 135 lives.

12. In 2015, Myanmar experienced its worst floods in several decades. The floods began in July and continued into September, affecting 12 of the country's 14 states, resulting in around 100 deaths and affecting up to 1 million people. The most severely affected sector was agriculture, which accounts for nearly one third of the country's GDP and a quarter of its merchandise exports. As a consequence, rice production suffered, domestic prices went up and exports plummeted.

13. The floods in Malawi in 2015 were the most devastating in terms of geographical coverage, severity of damage and extent of loss. While 15 districts were directly affected, the entire country suffered from the effects. The country suffered an estimated $335 million in damage, while the total cost of recovery and reconstruction was $494 million.[6]

14. Intense Tropical Cyclone Enawo hit Madagascar in March 2017, affecting around 500,000 people and destroying more than 40,000 houses. Cellule de prévention et gestion des urgences, an organization for the prevention and management of emergencies, and the World Bank estimated economic losses at around $400 million, corresponding to around 4 per cent of annual GDP. The agriculture sector recorded losses of $207 million. In the most affected areas, up to 85 per cent of planted subsistence crops were lost.

15. In 2016, Ethiopia faced one of the worst droughts in decades, contributing to a loss of $1.4 billion (2.5 per cent of GDP) and a serious shortage of food owing to failure of successive harvests.[7] Around one tenth of the population — over 10.2 million people — were in dire need of food, while around 0.5 million children needed treatment for severe acute malnutrition. Furthermore, more than 1.7 million

[4] Nepal, National Planning Commission, *Nepal Earthquake 2015: Post-Disaster Needs Assessment (Vol. A: key findings)* (Kathmandu, 2015), available from http://www.moudclpiu.gov.np/public/filesmanager/30.pdf; and "Mid-term review report of the Istanbul Programme of Action", March 2016.

[5] Food and Agriculture Organization of the United Nations, "Haiti: Hurricane Matthew situation report — 16 March 2017", March 2017. Available from www.fao.org/emergencies/resources/documents/resources-detail/en/c/852828/.

[6] Malawi, "Malawi 2015 floods post-disaster needs assessment report", March 2015.

[7] United Nations, "State of the least developed countries 2017: follow-up of the implementation of the Istanbul Programme of Action for the Least Developed Countries", 2017.

children, pregnant women and lactating women were in need of supplementary feeding.[8]

16. The humanitarian situation in Somalia is deteriorating rapidly. Out of 14.3 million Somalis, 6.7 million are acutely food insecure and in need of humanitarian assistance as of May 2017. Of those, 3.2 million are expected to face crisis and emergency levels of food insecurity.

17. In South Sudan, between June and July 2017, in addition to the approximately 45,000 people estimated to be facing a humanitarian catastrophe, an estimated 1.7 million people are likely to be facing a food security emergency, one step below famine.

18. With an estimated 17 million people in "emergency" or "crisis" levels of food insecurity, Yemen is experiencing one of the worst hunger crises in the world.

B. Economic shocks and commodity price volatility

19. The economic and financial crises of 2008 had little initial impact on the least developed countries, as those countries had limited linkages with global financial markets. However, as the financial crisis deepened, it brought about a sharp reduction in global output and trade and a rapid decline in commodity prices, both of which adversely affected the least developed countries. The impact of the global economic shocks, combined with that of natural disasters, is particularly harsh for some of the most vulnerable island least developed countries.

20. The flow of foreign direct investment into the least developed countries, as well as the growth of remittances, declined during the crises. As unemployment in the advanced countries increased as a result of the financial crisis, there was a significant decline in the demand for migrant labour, thereby slowing down the flow of remittances to labour-exporting least developed countries.

21. As the fiscal positions of all advanced economies deteriorated, there was significant pressure to reduce official development assistance budgets. Although the impact of the global economic crisis on the least developed countries was multidimensional, it affected different countries in distinct ways, depending on the structure of their domestic economies as well as their degree of global integration and aid dependence.

22. After rising dramatically for almost a decade, the prices of all commodities began to decline from the second half of 2014. This sharp price fluctuation affected the least developed countries differently, depending on their commodity dependence. In general, growth was more resilient in countries with more diversified commodity export portfolios.

23. Of the 47 least developed countries, 39 are commodity-dependent, with at least 60 per cent of their revenues coming from commodities and relying on only one or two commodities. Angola, Yemen and South Sudan derive at least 97 per cent of export earnings from commodities. There is a very strong association between commodity prices and GDP growth in developing countries, with a correlation coefficient of 0.79. When commodity prices are high, the countries usually do well in terms of economic growth, and vice versa. The shocks in commodity markets should be considered seriously because they could be devastating for many of the least developed countries.

[8] United Nations Children's Fund, "Ethiopia humanitarian situation report No. 7", 19 May 2017.

24. Food price volatility has important consequences for livelihoods, and especially for hunger and poverty. The impact depends on the net selling position of a household. High food prices are of significant concern in poor countries because the poorest have been shown to usually spend three quarters of their budget or more on food. There are also macroeconomic consequences for low-income food-importing countries. These are all significant obstacles to development.

25. At the macroeconomic level, the low commodity prices experienced in recent years, in particular those of fuel, led to slow growth, fiscal imbalances, dwindling foreign reserves and currency depreciation. The fuel-producing least developed countries, in particular Angola, Chad, Equatorial Guinea, South Sudan and Yemen, were adversely affected by the decline in oil prices. Growth also decelerated in a number of commodity exporters, including Zambia and Mozambique. Compounding the effect of commodity price shocks, Chad, South Sudan and Yemen, as well as other least developed countries, were subject to elevated domestic political uncertainties. In Chad, the depletion of oilfields exacerbated the negative effects of low oil prices on output.

26. Many of the least developed countries are now less well situated to cope with commodity price shocks than they had been prior to the global financial crisis, owing to the erosion of their fiscal policy buffers.

C. Pandemic shocks

27. In recent years, there have been outbreaks of a number of pandemics, including HIV/AIDS, avian influenza, severe acute respiratory syndrome and Ebola virus disease. The Ebola epidemic had a devastating impact on the economies of three of the least developed countries: Guinea, Liberia and Sierra Leone. According to an analysis conducted by the World Bank, the countries were expected to lose at least $2.2 billion in forgone economic growth in 2015 as a result of the epidemic.[9] The outbreak of the virus eroded consumer and investor confidence and disrupted travel and cross-border trade in the region.

28. Managing pandemic risk is an important challenge for the least developed countries as it requires robust investments in public health systems for detection, diagnosis and rapid response. However, these investments are woefully insufficient in the least developed countries owing to severe resource constraints.

III. Consequences of disasters and shocks

29. Disasters and shocks entail multiple socioeconomic consequences in the least developed countries. In a highly interconnected and globalized world, the spillover effects of disasters and shocks often reach beyond the territory of the country concerned and may have an impact on the peace, security and stability of the country and the region.

30. Natural disasters often cause the loss of lives and the destruction of capital, such as productive assets, property and infrastructure, which interrupts or slows down the production process and adversely affects the prices of essential goods. In the least developed countries, natural disasters expose the poor to a multitude of risks and threaten the loss of livelihoods and food security as a result of disruption in food production and supply. When confronted with such risks, poor people have few risk management mechanisms at their disposal. The establishment of coping

[9] See www.worldbank.org/en/topic/health/brief/world-bank-group-ebola-fact-sheet.

strategies and risk management tools by poor people are often detrimental to their productive investment, affecting their ability to generate increased income in the future and to improve their well-being in the long term.

31. In most of the least developed countries, formal social protection systems are weak or almost non-existent. Poor and vulnerable people have to rely mostly on informal and group-based coping mechanisms. However, these informal safety nets are ineffective and insufficient in the face of large covariate shocks.[10] Thus, without a comprehensive social protection system, the vast majority of the poor must decrease their food consumption. This in turn reduces their productivity and increases their vulnerability to longer-term malnutrition and both physical and psychological illness. Some families reduce education expenditures and send their children to work rather than to school. Additionally, many families curtail their health expenditures, which makes them more vulnerable to health risks.

32. Natural disasters and other shocks also lead to a decrease in government revenue and an increase in expenditure on account of emergency relief, reconstruction work and social welfare. This leads to a significant increase in the budget deficit. When a natural disaster leads to a sharp increase in the fiscal and current account deficits, it is likely to result in a rise in price level and interest rates, along with an appreciation of the real exchange rate. However, none of those outcomes are automatic, as much will depend on government policies, private sector expectations and the response.

33. Most of the losses in the least developed countries are uninsured, and governments do not have the financial reserves or access to contingency financing that would allow them to absorb losses, recover and rebuild quickly. At the same time, countries with large budget deficits are usually unable to divert funding to absorb disaster losses and therefore need to use other mechanisms, including taxation, national and international credit, foreign reserves, domestic bonds, aid and risk financing instruments. All of those elements either are difficult to realize or have negative consequences.

34. In some cases, natural disasters attract increased inflows of foreign assistance, especially when they occur in high magnitude, but this is often offset by a decrease in development assistance in subsequent years.[11] The disaster relief assistance is also fragmented, which poses difficulties in managing the flows.

IV. Emerging international consensus

35. There is now broader global awareness of the danger of multiple crises that threaten the development prospects of the least developed countries. This is reflected in the agreements that the international community has adopted in recent years, which are set to build resilience against risks and achieve sustainable development.

36. The 2030 Agenda for Sustainable Development was adopted to take bold and transformative steps towards improving lives by achieving sustainable development and leaving no one behind. Through the 2030 Agenda, the international community

[10] Covariate shocks (community shocks, such as natural disasters or epidemics) are shocks in which neighbouring households suffer to a similar degree. Idiosyncratic shocks (household-level shocks, such as death, injury or unemployment) are shocks in which one household's experience is unrelated to that of neighbours.

[11] *Building Resilience to Natural Disasters and Major Economic Crises* (United Nations publication, Sales No. E.13.II.F.3).

has agreed to provide focused and scaled-up assistance to the least developed countries.

37. The Paris Agreement under the United Nations Framework Convention on Climate Change provides an action plan to put the world on track and, inter alia, avoid dangerous rises in temperatures, which affect the least developed countries the most. Parties to the Paris Agreement set a global goal on enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, with a view to contributing to sustainable development and ensuring an adequate adaptation response. The parties also agreed to take action and extend support for the resilience of communities, livelihoods and ecosystems and to engage in building the resilience of socioeconomic and ecological systems, including through economic diversification and the sustainable management of natural resources.

38. Through the Sendai Framework for Disaster Risk Reduction 2015-2030, the aim of which is to achieve a substantial reduction in disasters and loss of lives and livelihoods, Member States reiterated their commitment to address disaster risk reduction and foster capacity-building and resilience with a renewed sense of urgency. They also committed to link the framework to the 2030 Agenda and to integrate, as appropriate, both disaster risk reduction and resilience into policies, plans, programmes and budgets at all levels. The Sendai Framework also outlines the need to further strengthen disaster preparedness for emergency response, including by integrating disaster risk reduction and mitigation into national policies and programmes, taking early action in anticipation of crises and ensuring that capacities are in place for effective response and recovery at all levels.

39. The Addis Ababa Action Agenda addresses various sources of finance and covers cooperation on a range of issues, including technology, science, innovation, trade and capacity-building. It also recognizes the fact that the past successes and future prospects of the least developed countries are threatened by a host of economic and environmental risks and underscores the need to ensure resilience in the face of such external shocks.

40. The Istanbul Programme of Action highlights the vulnerability of the least developed countries to a variety of shocks and disasters, as well as climate change. It elaborates on a set of priority areas for action, including building the resilience of the least developed countries to withstand natural hazards and economic shocks and mitigate their adverse effects, and strengthening the ability of those countries to cope with climate change, enhance sustainable growth and protect biodiversity.

41. In the Political Declaration of the Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action, it was reiterated that the high vulnerability of the least developed countries requires strengthened international cooperation and ensuring genuine, durable regional and international partnerships to improve their resilience. The importance of adopting and implementing national and local disaster risk reduction strategies and plans aimed at preventing and reducing risks and strengthening economic, social, health and environmental resilience was highlighted. It was also emphasized that building resilience at the national level, as well as the subnational, community and individual levels, is critical to sustaining hard-won development gains and accelerating progress towards achieving the development goals set in the Istanbul Programme of Action, as well as those in the 2030 Agenda. The design of appropriate policies for crisis mitigation and resilience is therefore critical to achieving sustainable development in the least developed countries.

V. External shocks and risk management by actors

A. Households and communities

42. Households adopt various risk management strategies to cope with external shocks, including the use of savings, credit, asset sales, additional employment and migration, and assistance from friends, family and community members. Use of savings is a common coping strategy, but requires a degree of ex ante preparation.

43. Migration, both internal and international, has become a common coping mechanism in most of the least developed countries, particularly among rural households. Remittances tend to rise in times of economic downturn and natural disasters, as migrants abroad send more money to meet their families' emergency needs in their countries of origin. This can break down, however, if the shocks are global or affect the migrants' host countries, causing them to lose their jobs or income.

44. Informal insurance through communities and families is frequently the only form of coverage available to poor households in the least developed countries. However, these informal coping and insurance mechanisms generally do not provide adequate risk management and therefore need to be complemented by comprehensive social protection mechanisms from local authorities and national Governments. The 2030 Agenda recognizes the importance of universal social protection in mitigating the impacts of shocks, both at the macroeconomic and household levels.

B. Private sector and civil society organizations

45. It is now increasingly recognized — as reflected in the Sendai Framework — that the private sector and civil society organizations can play an important role in supporting Governments in both risk management and emergency response.

46. A small portion of the private sector, in particular major firms operating in the formal sector, is covered against shocks through insurance, contingency plans and access to credit, among other things. There may also be an opportunity for the private sector, in risk management industries such as insurance, research and development, and others, to play a key role in crisis prevention and mitigation. The private sector can also play a significant role in a number of risk reduction measures, including through compliance with land-use planning and building codes and other resilient infrastructure protocols. Public-private partnership in insurance and risk transfer can also be an important element in risk reduction strategies.

47. The involvement of civil society organizations in risk reduction activities has proven to be beneficial for a number of reasons. These organizations can respond faster and more efficiently to local priorities and build on local capacities. They are often also good interlocutors for vulnerable people affected by crises.

C. The State

48. States have a central role to play in crisis mitigation and resilience-building. Their risk management frameworks need to cover a continuum from preventive measures and resilience to risk preparedness and post-disaster recovery, in line with the Secretary-General's vision on prevention.

1. Ex ante preparations for risk reduction

49. The ex ante risk reduction framework has four distinct components. The first component relates to the identification of risks and social vulnerabilities. The second component relates to risk mitigation, which includes structural and sectoral reforms with regard to land planning, the strengthening of building codes, investments in retrofitting buildings and the construction of dams in drought-prone areas. The third component relates to risk preparedness, which includes early warning systems, contingency planning and public training on risk prevention. The fourth component relates to financial preparation with two distinct dimensions: self-insurance, which entails the accumulation of savings and foreign reserves in normal times from which to draw in the event of a natural disaster, and risk transfer.

50. Self-insurance, which entails the intertemporal transfer of resources, can have a high social opportunity cost, as it requires contingency provisioning and the diversion of scarce resources from investments in physical and social infrastructure to building reserves. On the other hand, risk transfer entails the purchase of commercial insurance that transfers risks externally to capital markets and investors. Commercial insurance is also the best mechanism for reducing the costs of natural disasters and provides rapidly available capital for reconstruction. As the level of insurance penetration in a country increases, the output and welfare losses experienced by the country as a result of natural disasters tend to decrease. However, even for developed countries, insurance penetration remains limited.

51. For the least developed countries, indemnity-based commercial insurance is not available for most natural disasters, as the market is simply non-existent or insufficiently developed. This market failure is usually attributed to two principal reasons. First, natural disasters pose high covariant risks leading to prohibitively high premiums. Second, insurance involves dynamic incentive issues for the Government. A Government today may purchase insurance but the benefit may accrue in the future when the Government that procured the insurance is not in power. In addition, Governments are typically not blamed for natural disasters, which are considered to be circumstances beyond control. All of those elements make disaster insurance a low priority for many Governments.

52. In recent years, the emergence of more efficient risk-sharing procedures that use capital markets to spread the exposure over a larger number of investors in catastrophe bonds has been seen. These multi-year bonds, which are inherently risky, are sold to a dispersed set of investors. They are issued by the insurance company or the Government through investment banks. The proceeds from the bonds are then invested in risk-free securities, with the spread between the two situations representing the recurring cost of insurance. If a catastrophe does not take place, the insurance company or the Government (the issuer) pays a coupon to the investor. On the other hand, should a catastrophe occur, it would set off the "parametric triggers". These triggers are based on easily verifiable parameters measured by technology in real time.

53. The National Smallholder Farmers' Association of Malawi, in close collaboration with the World Bank, developed an index-based crop insurance contract in 2005 that utilizes rainfall data and provides cover for outstanding agricultural loan amounts for farmers in the event of a drought. The basis of the contract is the correlation between rainfall, as measured by weather stations, and crop yields. When a covered drought occurs, rainfall levels drop below historical levels and payments under the contract are made to the financial institution offering the agricultural loan to write off the farmers' debt. The insurance has been offered through the private insurance market in consortium with the involvement of the

Insurance Association of Malawi. This increased access has, in turn, allowed farmers to invest in higher yield and higher return activities.

54. There is also evidence of successful multi-country risk pooling to hedge against various shocks and crises. The Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company is the world's first multi-country risk pool that is based on parametric insurance, and has been providing parametric catastrophe insurance for Caribbean Governments since 2007. It offers hurricane, earthquake and — since 2013 — excess rainfall coverage. The company operates as a not-for-profit organization and currently provides its products and services to 17 Caribbean and Central American countries. Unlike indemnity insurance, the company's parametric insurance products are insurance contracts in which payments are made on the basis of the intensity of an event and the amount of loss caused by these events, which is calculated using a pre-agreed model. The company represents a cost-effective way to pre-finance short-term liquidity to begin recovery efforts for an individual Government after a catastrophic event, thereby filling the gap between immediate response aid and long-term redevelopment. Since its establishment in 2007, the company has made 22 payouts to 10 member countries totalling around $70 million. All payments were made within 14 days. Haiti, the only least developed country in the Latin America and Caribbean region, is a member of the company and receives financial support after being affected by natural disasters.

55. Building on the Caribbean experience, similar insurance schemes are at various stages of development in the Pacific and in Africa. Initiated in 2013, the Pacific catastrophe risk insurance pilot is a regional risk-pooling facility for the Pacific island countries, including two of the least developed countries, Solomon Islands and Vanuatu.

56. In May 2014, African Risk Capacity Insurance Company Limited (a financial affiliate of the African Risk Capacity, a specialized agency of the African Union) launched a catastrophe insurance pool for Africa to improve responses to climate-related food security emergencies. Eight countries have taken out insurance contracts with the company.[12] It plans to expand its coverage against droughts, floods and cyclones to 30 countries by 2020, which would include virtually all of the African least developed countries.

57. Parametric insurance does not, however, mean automatic success, which is contingent on a number of factors. First, further expansion of this type of programme depends on client education and outreach activities. Lack of understanding and literacy about insurance can lead to resistance to its purchase. Second, effective index-based weather insurance contracts require timely, reliable and high-quality data and weather station networks, which may not be available in many of the least developed countries. Third, index-based weather insurance is not a panacea. Weather insurance has a limited role in managing the wide spectrum of risks and serves as a first step, but the insurance programmes must cover multiple risks related to agricultural production.

58. The above caveat notwithstanding, experience suggests that in most countries that are exposed to significant natural disaster risks, government investment in disaster prevention can be highly effective in averting high post-disaster expenditures for relief and reconstruction. It is therefore important to make the difficult choice about an optimal mix between government investments in pre-disaster risk prevention and post-disaster relief and reconstruction.

[12] Including least developed countries such as the Gambia, Malawi and Mali.

2. Ex post risk reduction strategy

59. The ex post risk management agenda needs to strike a balance between development and economic stability. While the former would require the mobilization and efficient allocation of public investments, the latter would require the creation of macroeconomic buffers for "self-insurance" against future external shocks, whether economic or natural. The exact balance depends on individual country specificities. Furthermore, the important elements of the ex post risk reduction agenda ought to include a number of policy innovations.

60. Fiscal policy needs to support public investments to build up resilience in social and physical infrastructure, subject to the availability of fiscal space. Monetary and financial policies should be targeted at the provision of affordable credit to enhance production in agriculture and manufacturing.

61. Lastly, it should be noted that formulating efficient macroeconomic policy or implementing efficient risk management requires robust institutions and analytical capabilities that may not exist in many Governments of the least developed countries. This lacuna partly explains why the recovery process from an external shock may be somewhat more delayed in the least developed countries.

VI. Review of selected tools and mechanisms

62. United Nations system agencies are playing specific roles in risk mitigation and resilience-building against various types of shocks and crises in their respective fields of competence, including the United Nations Development Programme, the United Nations Children's Fund, the secretariat of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, the Inter-Agency Secretariat of the International Strategy for Disaster Reduction, the World Food Programme, the World Health Organization (WHO) and a number of other entities.

63. The multilateral development banks, both global and regional, are uniquely positioned to further advance the global disaster risk mitigation agenda. In addition to integrating risk consideration into their own operations, these banks have the opportunity to use their convening power to build strategic partnerships between Governments, donor agencies, civil society and the private sector. They are now developing a wide array of financial and non-financial mechanisms and tools to build disaster and climate resilience. In addition to enhancing the flexibility and speed of their ex post efforts, multilateral development banks now offer investment and policy-based loans, grants, technical assistance and knowledge services for ex ante support.

64. The Global Facility for Disaster Reduction and Recovery is a financing mechanism that is focused exclusively on disaster risk reduction. It was launched in 2006 to support the implementation of the Hyogo Framework for Action, and is funded by 43 national Governments (from developed, emerging and developing countries) as well as 9 international organizations. The Global Facility is managed by the World Bank on behalf of the participating donor partners and other partnering stakeholders. Its business model emphasizes disaster risk reduction on the basis of ex ante support for high-risk countries and ex post assistance for accelerated recovery after a disaster. The World Bank Global Expert Team on Disaster Risk Management provides high-quality, rapid advisory support to Governments.

65. The Disaster Risk Financing and Insurance programme is a partnership between the Global Facility and the World Bank to improve the financial resilience of governments, businesses and households against natural disasters. It is the leading

partner of developing countries seeking to develop and implement comprehensive financial protection strategies. The programme supports governments in implementing comprehensive financial protection strategies by bringing together sovereign disaster risk financing, agricultural insurance, property catastrophe risk insurance and disaster-linked social protection programmes.

66. The eighteenth replenishment of the International Development Association (IDA), with funding provisions of around $75 billion, can expand financing to promote resilience through crisis preparedness and response, including through its Crisis Response Window. In addition to a proposal to scale up support under the Window, options to adjust the financing terms are being considered for countries where natural disasters cause significant damage and, when warranted, a change in a country's debt distress risks in the aftermath of a disaster. The replenishment also contains options for contingent financing for crisis preparedness and response by introducing the catastrophe deferred drawdown option for IDA countries.

67. IMF plays an important role in facilitating resilience-building in the least developed countries against external shocks, including commodity price shocks. The Fund also plays a limited but vital role in disaster recovery by providing emergency financing and policy support to the affected country. The Rapid Credit Facility provides rapid financial support without conditionality in a single, up-front payout to low-income developing countries[13] with urgent balance of payments needs, including from commodity price shocks, natural disasters and domestic fragilities, and offers repeated disbursements over a limited period in case of recurring or ongoing balance of payments needs.

68. Other key post-shock instruments in the global shock-financing portfolio include trade finance (for example, the guarantees of the International Finance Corporation that cover the payment risk in trade transactions) and central bank swap lines, which have been used extensively since the global financial crisis as a means for central banks to obtain foreign currency to boost reserves, ease liquidity constraints and increase on-lending to domestic banks and corporations.[14]

69. At the sixteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, the Green Climate Fund was established with a view to raising climate finance of $100 billion per year by 2020. Access to Green Climate Fund resources to undertake climate change projects and programmes is limited to accredited national, regional and international entities. There are mechanisms to address urgent and immediate needs for climate change adaptation in the least developed countries, known as national adaptation programmes of action. As of November 2016, approximately 231 such projects had been implemented with funding from the Green Climate Fund and the Least Developed Countries Fund, total cumulative donor pledges to the Least Developed Countries Fund amounted to $1.22 billion and total paid contributions amounted to $1.12 billion.

70. The pandemic emergency financing facility has been developed by the World Bank Group in collaboration with WHO, and offers coverage to all countries eligible for financing from IDA. The facility has two windows: an "insurance" window of $425 million consisting of bonds and swaps, which covers the cost of the premiums and bond coupons; and a "cash" window to complement the insurance window and provide more flexible funding to address a larger set of emerging pathogens that may not meet the activation criteria for the insurance window. The

[13] An IMF category of countries.

[14] Council on Foreign Relations, "Spread of the central bank currency swaps since the financial crisis", 2015. Available from www.cfr.org/international-finance/central-bank-currency-swaps-since-financial-crisis/p36419#!/.

insurance window was opened in July 2017 and the cash window will be operational in early 2018.

71. The Contingency Fund for Emergencies was established by the World Health Assembly in May 2015 following a review of the WHO response to the 2014 Ebola crisis. The Fund is designed to provide funding during a critical gap, from the moment the need for an emergency response is identified to the point at which resources from other financing mechanisms begin to flow. The Fund addresses the whole cycle of health emergencies: preparedness; response and recovery; and support for local communities and national Government efforts. The Fund is to be financed through flexible voluntary contributions and is replenished through reimbursement from beneficiary WHO country offices or through new direct contributions.

VII. General review of existing arrangements

72. There are a number of specific measures, initiatives and tools available at the national, regional and global levels for crisis mitigation and resilience-building. However, the current disaster risk arrangements suffer from various weaknesses and shortcomings. Many of the least developed countries cannot afford to develop modern multi-hazard early warning systems at the national and regional levels. National strategies are often fragmented and unable to respond to unpredictable shocks and crises of a greater magnitude. The national policies and strategies are also underfunded owing to weak financial and technical capacities of the countries. Some countries have enacted comprehensive risk reduction strategies but have failed to undertake corresponding regulatory reforms and institutional and human capacity-building and to mobilize the necessary financial resources, technology and technical know-how.

73. It is also noteworthy that many of the least developed countries are struggling to meet their ongoing development needs while maintaining their current account balance, making it difficult for them to adopt and implement countercyclical macroeconomic policies. Many of the countries also lack a "resilience fiscal framework" based on a robust cost-benefit analysis, which tracks the allocation and expenditure towards reducing risks and achieving resilience. For many of the countries, the capital market is either non-existent or poorly developed, which disincentivizes capital-market-based risk financing tools and products.

74. The multilateral risk reduction strategies have also proven to be insufficient for the least developed countries. Some of the programmes and tools, particularly those tailored to those countries, are alleged to have inadequate funds for their growing needs. Some of the other global mechanisms governed by the multilateral development banks require cumbersome administrative procedures and regulatory reforms, which constrain the least developed countries in obtaining fast-tracked access, as this United Nations category of countries is not recognized by the international financial institutions and some United Nations system agencies. The least developed countries also face enormous difficulties in preparing the complex and technical proposals to gain access to various funds because of their capacity constraints.

75. The weak capital market, poor credit ratings and sometimes a lack of adequate regulatory regimes impede the least developed countries in introducing weather-related derivatives and insurance with low premiums. Those factors also constrain them in taking regional-level risk insurance measures.

76. In view of the above, the Political Declaration of the Comprehensive High-level Midterm Review of the Implementation of the Istanbul Programme of Action underscores the urgency of finding additional solutions to the major challenges facing the least developed countries in a concerted manner. It was recognized in the Political Declaration that the way forward for crisis mitigation and resilience-building requires that coordinated, balanced and integrated actions be taken at all levels, including through the strengthening of existing initiatives, with the aim of building the resilience of the least developed countries in overcoming their vulnerabilities.

VIII. Conclusions and recommendations

77. A resilient economy is a prerequisite for long-term sustainability, which enables a country to adapt to shocks swiftly and recover from their impacts without affecting development. It is therefore vitally important that all countries, in partnership with other actors, work together to further strengthen and implement concrete measures at the national, regional and international levels to build and strengthen the resilience of the least developed countries against various shocks, reduce risks and enhance sustainable growth in line with the 2030 Agenda for Sustainable Development and the Istanbul Programme of Action.

Multi-stakeholder resilience-building mechanism

78. Given the depth, breadth and complexity of challenges that the least developed countries have been facing in the context of disasters and shocks, there is no silver bullet that can address all of them. Therefore, the international community may consider establishing a comprehensive multi-stakeholder resilience-building mechanism for the least developed countries by leveraging existing measures and initiatives. The mechanism, which would entail a number of measures to be established or revitalized, as appropriate, at the national, regional and global levels, would cover the response to various types of disasters and shocks. This will enable those countries to save lives and money, speed up response times and bring more predictability and rigour to the global response to shocks and crises.

79. National-level initiatives can be focused on appropriate national policies and programmes; flexible and countercyclical macroeconomic policies; strong and dynamic social protection programmes; multi-hazard early warning systems; the diversification of production and access to global and regional value chains; labour productivity through education, training and technology; investment in resilient infrastructure; research and development; state contingency funds; and the hedging of risks through market-based disaster risk financing, such as different types of bonds, derivatives and options.

80. Regional and global initiatives include bringing expertise and knowledge to the least developed countries; establishing or strengthening composite, integrated and multi-hazard early warning systems at the regional level; introducing weather index insurance or parametric insurance; making available the standing capacity at the regional and global levels necessary to extend financial and in-kind support and a pool of volunteers; securing fast-tracked and easy access to various risk mitigation and resilience-building funds at the regional and global levels; and making available adequate bilateral financial and technical support for ex ante and ex post measures in the least developed countries.

National leadership and ownership

81. Crisis mitigation and resilience-building requires strong national leadership and ownership that can result in national strategies for preparedness and comprehensive service delivery mechanisms. Governments need to put in place appropriate policies to avoid the incidence of crises, where possible, and to efficiently adapt to the magnitude of the impacts. The policies should include technical, organizational, economic and social dimensions, as well as safety and security guidelines, protocols and standards for building critical infrastructure and the provision of high-quality maintenance. Ensuring the resilience of new and existing critical infrastructure would require that it remain safe, effective and operational during and after disasters in order to provide life-saving and essential services.

82. The promotion of climate-smart agriculture, which combines soil and water management, crop rotations and fertility control, will improve productivity and increase resilience in adapting to climate change with little impact on water resources. Significant investments need to be made by governments and donors on extension services and training efforts, with a particular focus on women and youth in rural areas.

83. Access to modern technology and knowledge is vitally important for building resilience, including resilient infrastructure, communications and industries. Autonomous innovations are crucial to build the agricultural sector and value chain networks so that they are highly buoyant against disasters and shocks. Research and development in disaster-resistant crops, tropical diseases and public health services can make significant contributions to resilience against the impacts of shocks and crises.

84. A country needs to enact an appropriate macroeconomic policy framework to create fiscal buffers against shocks. This framework should include: (a) a countercyclical fiscal policy with provisions on financial buffers for "self-insurance" to accumulate adequate resources during booms and to spend them during downturns; and (b) a flexible monetary policy to facilitate and regulate borrowing with a view to improving financial inclusion, preventing speculative activities and supporting productive investment.

85. There is also the need to strengthen other shock absorbers, including social protection measures and a strong domestic financial system. Fiscal policy needs to support public investments to build up resilient social and physical infrastructure. Importantly, the fiscal space in the least developed countries can be increased by improving domestic resource mobilization, exploring public-private partnerships with adequate measures for ensuring access and financial risk-sharing, enhancing the efficiency of public expenditure and creating an environment to promote foreign direct investment without engaging in damaging tax competition or lowering environmental or labour standards.

86. It is important for the least developed countries and their creditors to incorporate some of the contingencies directly into their sovereign debt contracts, so that when disasters and shocks occur, countries are able to postpone their payments or reduce them during recovery. State-contingent debts link contractual debt service obligations to a predefined State variable, such as GDP. GDP-linked bonds ensure that when a country's GDP is reduced, so too are the principal and interest payments on its sovereign debt.

87. The least developed countries also need to boost production, diversify exports and increase social sector spending for health, education and social safety nets, as

appropriate, which support the most vulnerable rapidly and efficiently in times of crisis.

International cooperation

88. At their current level of development, the least developed countries need support for resilience-building, including risk transfer mechanisms that could significantly reduce the fiscal burden on Governments. Those countries require increased international assistance, both technical and financial, from donor countries, multilateral development banks and financial institutions to build their resilience and gain access to capital-market-based risk transfer mechanisms in the form of insurance and catastrophe bonds, among others. They also need support to implement nationally appropriate social protection systems for all, including social protection floors, which will enable them to prevent further slides in income, consumption and economic growth and arrest the upsurge in poverty.

89. Traditional sources of finance can supplement the specific measures to hedge against various shocks and crises. Official development assistance and the leveraging of blended finance through public-private partnerships can bolster the resilience-building activities of the country. Depending on the magnitude of the crisis, debt moratoriums and debt swaps can also release resources for reconstruction and the rebuilding of infrastructure.

90. Sharing best practices and lessons learned is vitally important for capacity-building in taking appropriate measures against shocks and crises. Many countries have succeeded in effectively addressing risks and shocks through various measures and tools that other countries can implement. The Economic and Social Council can provide a credible platform for dialogue in order to exchange views among Member States and other stakeholders in this regard.

91. There are many disasters and crises that affect a number of countries simultaneously or have cross-border effects. The most efficient approach to these types of disaster is regional cooperation in managing risks across frontiers or reconstruction in the event of a cross-border disaster. The cooperation can take place in the form of early warning, data-sharing, risk financing and knowledge- and technology-sharing.

Addressing risks through various tools

92. Efforts could be made to widen the existing multi-country insurance mechanisms to include the least developed countries or to introduce similar mechanisms in those countries on a global, regional or subregional basis, as appropriate. Catastrophe insurance policies require a country to pay a premium that may be prohibitively expensive for the least developed countries. It will be necessary for developed countries and international organizations to provide initial capitalization to help reduce the cost of the premium for the least developed countries. The Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company and other agencies can assist in developing the country's risk profile, developing necessary instruments and procedures and securing donor commitments.

93. There are some risks that may not be concentrated in one country, subregion or even region. It is therefore important to go beyond the regional approach by exploring the possibility of diversifying the risks globally and by identifying a place in which this risk can be managed globally. That place has to be an international organization able to provide reinsurance, such as the World Bank or another organization that reinsures global risks.

94. Parametric catastrophe insurance requires extensive environmental data as well as sophisticated modelling technology. Most of the least developed countries do not have access to this information or the technical capacity to design parametric insurance programmes; technical assistance therefore needs to be provided to them to overcome those deficiencies. Information gathered by programmes should be shared internationally and should be made available through a clearing house, as these data can benefit multiple insurance programmes. International institutions can act as the clearing house to facilitate data-sharing and an exchange of technical best practices.

95. Since the least developed countries remain extremely vulnerable to the threat of pandemics, with very limited capacity to address them, they need special arrangements and support to deploy ex ante preventive measures and to afford ex post curative or remedial measures. They need to develop a comprehensive public health architecture with efficient humanitarian actors at the national level and beyond, as appropriate, from which all of their citizens can benefit. Development partners, including international financial institutions, can contribute to this architecture by investing in strengthening public health systems, improving coordination in an emergency and extending funding support to the neglected areas of research and development. Some recent initiatives of the World Bank and WHO, such as the pandemic emergency financing facility, are steps in the right direction. It is vitally important that humanitarian and development actors work together in line with the Secretary-General's vision on prevention, the sustaining peace agenda and the new way of working.

96. Lastly, there is an urgent need to improve global economic governance to prevent financial crises and strengthen regional and global financial safety net measures to deal with them when they do occur. This will mitigate the need for countries to accumulate reserves for self-insurance with large social opportunity costs.

United Nations A/72/271

General Assembly

Distr.: General
1 August 2017

Original: English

Seventy-second session
Items 14 and 118 of the provisional agenda*

Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

Follow-up to the outcome of the Millennium Summit

Proposed organization of work of the intergovernmental conference to adopt a global compact for safe, orderly and regular migration

Note by the Secretary-General

I. Introduction

1. The General Assembly, in its resolution 71/280, entitled "Modalities for the intergovernmental negotiations of the global compact for safe, orderly and regular migration", decided that an intergovernmental conference to adopt a global compact for safe, orderly and regular migration would be held at United Nations Headquarters in New York immediately prior to the opening of the general debate of the seventy-third session of the Assembly, unless otherwise agreed. In the same resolution, the Assembly requested the Secretary-General to prepare a note on the organization of work of the intergovernmental conference to serve as the basis for the precise modalities of the international conference. The present note has been prepared in response to that request.

2. The arrangements set out below have been formulated on the basis of General Assembly resolution 71/280, taking into account the experience at previous international conferences convened under the auspices of the Assembly.

3. The following annexes are attached to the present note:

I. Provisional rules of procedure;

II. Provisional agenda;

III. Proposed timetable for the work of the Conference.

* A/72/150.

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II. Election of officers

4. Rule 6 of the provisional rules of procedure provides that the Conference shall elect from among the representatives of participating States a President and 14 Vice-Presidents, one of whom shall be designated as Rapporteur-General, as well as a Chair of the Main Committee, if established in accordance with rule 46. These officials shall be elected on the basis of ensuring the representative character of the General Committee. The Conference may also elect such other officers as it deems necessary for the performance of its functions.

5. Rule 11 provides that the Conference shall have a General Committee composed of the President, the Vice-Presidents, the Rapporteur-General and the Chair of the Main Committee, if established in accordance with rule 46. The 14 Vice-Presidents shall be distributed according to the following geographical pattern, with three from each of the following groups: African States, Asia-Pacific States, Eastern European States, Latin American and Caribbean States and Western European and other States (the election of the President will, however, have the effect of reducing by one the number of Vice-Presidents allocated to the region from which the President is elected).

III. Adoption of the rules of procedure

6. The Conference will have before it for adoption the provisional rules of procedure (annex I).

IV. Adoption of the agenda

7. The Conference will have before it for adoption the provisional agenda (annex II).

V. Organization of work

A. Dates and venue

8. The Conference will be held at United Nations Headquarters in New York immediately prior to the opening of the general debate of the seventy-third session of the General Assembly, from 16 to 17 September 2018, unless otherwise agreed.

B. Allocation of items

9. It is proposed that the Conference organize its work around eight plenary meetings and four interactive multi-stakeholder dialogues (see annex III). It is proposed that items 1 to 12 of the provisional agenda be considered in plenary meeting and that item 10 also be allocated to the Main Committee, if established in accordance with rule 46. Discussions on the outcome document of the Conference, under item 10, will be held in the Main Committee, while the general debate, under item 8, will be held in plenary meeting.

C. Plenary meetings

10. It is proposed that four plenary meetings be held each day, from 9 a.m. to 1 p.m., from 1 to 3 p.m., from 3 to 6 p.m. and from 6 to 8 p.m., respectively. At these meetings, Heads of State or Government, ministers and heads of delegation attending the Conference will be able to make formal statements, on the understanding that the principle of precedence will be strictly applied ensuring that Heads of State or Government speak first, followed by other heads of delegation. The European Union will be included in the list of speakers. The list of speakers for the plenary meetings will be established on a first-come, first-served basis. Each oral statement will be limited to five minutes, although this will not preclude the distribution of more extensive texts. No delegation will be allowed to speak more than once during the general debate. The opening of the list of speakers will be announced in the *Journal of the United Nations*. Time permitting, the plenary meetings will also hear statements from the representatives of intergovernmental organizations and other entities having received a standing invitation to participate as observers in the work of the General Assembly and organizations and bodies of the United Nations, as well as representatives of accredited non-governmental organizations, civil society organizations, academic institutions, the private sector, diaspora communities and migrant organizations and national human rights institutions.

11. The opening plenary meeting during the morning of Sunday, 16 September, will begin with the formal opening of the Conference by the Secretary-General of the United Nations followed by the election of the President. Opening statements will be made by the President of the Conference, the Secretary-General of the United Nations, the President of the General Assembly at its seventy-third session, a representative from the migrant community and a representative from the private sector. The meeting will also consider all procedural and organizational matters, including the adoption of the rules of procedure and the agenda, the election of officers other than the President, the establishment of the Main Committee, the appointment of the members of the Credentials Committee and arrangements for the preparation of the report of the Conference and other matters.

12. The closing plenary in the afternoon of Monday, 17 September, is expected to conclude with the adoption of the outcome document and the report of the Conference, as well as with statements by the President of the Conference, the Secretary-General of the Conference and the President of the General Assembly at its seventy-third session. The plenary meetings will run in parallel with the multi-stakeholder dialogues, except for the opening and closing plenary meetings.

D. Main Committee

13. It is proposed that the Main Committee, if established in accordance with the rules of procedure of the Conference, will meet, as necessary, in parallel with plenary meetings, except during the opening and closing meetings. The Main Committee will be responsible for finalizing any outstanding matters.

14. The Chair of the Main Committee will be elected by the Conference in accordance with the provisions of rule 6 of the provisional rules of procedure. In accordance with the provisions of rule 50, the Main Committee will elect its own officers. It is recommended that agreement be reached on the slate of candidates for posts falling within the ambit of the Main Committee before the opening of the Conference, thus permitting elections by acclamation and dispensing with the requirement of a secret ballot.

E. Dialogues

15. It is proposed that the four interactive multi-stakeholder dialogues be held in parallel with the plenary meetings, as follows: on Sunday, 16 September, from 10 a.m. to 2 p.m. and from 3 to 7 p.m.; and on Monday, 17 September, from 9 a.m. to 1 p.m. and from 2 to 6 p.m.

16. Each dialogue will be co-chaired by two Chairs to be appointed by the President of the Conference from among the Heads of State or Government and ministers attending the Conference, including those nominated by the regional groups, comprising a total of eight Co-Chairs, four to be drawn from developing countries and four to be drawn from developed countries.

17. The order of speakers for each dialogue will be determined on a first-come, first-served basis, bearing in mind equitable geographical distribution while allowing for some flexibility, with priority given to States according to the level of representation, followed by intergovernmental organizations and other entities, associate members of regional commissions, United Nations specialized agencies, funds and programmes, and accredited non-governmental organizations, civil society organizations, academic institutions, the private sector, diaspora communities and migrant organizations and national human rights institutions. It is envisaged that up to 40 States and 10 other participants will be accommodated to speak at the interactive debate of each partnership dialogue.

18. Each dialogue will include an initial panel discussion, organized by the Secretary-General of the Conference, comprising three high-level panellists. Each dialogue will begin with statements by the Co-Chairs. The panel discussion will be followed by an interactive debate among States and other relevant stakeholders. In order to provide for maximum participation, interventions during the interactive debate should not exceed three minutes.

19. The dialogues will be held in parallel with plenary meetings, except during the opening and closing meetings.

F. Timetable for the work of the Conference

20. The proposed timetable for the work of the Conference is contained in annex III.

G. Organization of meetings

21. It is proposed that the resources available to the Conference allow for the holding of the plenary meetings, dialogues and meetings of the Main Committee. The eight plenary meetings will be held from 9 a.m. to 8 p.m. on both days. The four dialogues will be held from 10 a.m. to 2 p.m. and from 3 to 7 p.m. on Sunday, 16 September, and from 9 a.m. to 1 p.m. and from 2 to 7 p.m. on Monday, 17 September. The meetings of the Main Committee, if established, will be held from 10 a.m. to 1 p.m. and from 3 to 6 p.m. on both days. There will be a maximum of three simultaneous meetings with interpretation facilities, including committees and dialogues. Parallel meetings and other events will be held during the same hours as the plenary meetings and dialogues, space permitting. Interpretation services will be provided for such meetings, as available.

22. In accordance with the provisions of rule 48 of the provisional rules of procedure, the Conference and the Main Committee may establish such committees and working groups as they deem necessary for the performance of their functions.

VI. Credentials of representatives to the Conference: appointment of the members of the Credentials Committee

23. Rule 4 of the provisional rules of procedure provides that a Credentials Committee of nine members shall be appointed at the beginning of the Conference and that its composition shall be based on that of the Credentials Committee of the General Assembly at its seventy-third session.

VII. Participants

A. States and observers

24. The Conference, including the plenary and informal meetings, will be open to participation by all States Members of the United Nations and all members of specialized agencies that have observer status with the General Assembly.

25. Intergovernmental organizations and other entities having received a standing invitation to participate as observers in the work of the General Assembly and organizations and bodies of the United Nations may participate in the deliberations of the Conference, as appropriate, in accordance with the rules of procedure of the Conference.

26. Other interested intergovernmental organizations may apply to the General Assembly for accreditation to the Conference, in accordance with the procedure followed in previous United Nations conferences.

B. Other participants

27. Non-governmental organizations are invited to participate in the deliberations of the Conference, as appropriate, in accordance with the rules of procedure of the Conference. Registration will be open to all non-governmental organizations that are in consultative status with the Economic and Social Council.

28. In addition, other relevant representatives of relevant non-governmental organizations, civil society organizations, academic institutions, the private sector, diaspora communities and migrant organizations that are not in consultative status with the Economic and Social Council may apply to the General Assembly for accreditation, in accordance with the established accreditation procedure.

29. Online registration and accreditation will be available through the United Nations Non-Governmental Liaison Service at https://unngls.org.

30. Furthermore, national human rights institutions compliant with the Paris Principles are invited to register in order to participate in the Conference. Online registration will be available through the conference website.

VIII. Secretariat

31. The responsibilities of the secretariat of the Conference are set out in rules 14 to 16 of the provisional rules of procedure. In that context, the Secretary-General of the Conference will serve as focal point within the Secretariat of the United Nations for providing support to the organization of the Conference.

IX. Documentation

32. In accordance with the practice followed at previous United Nations conferences, the official documentation of the Conference will include documents issued before, during and after the Conference.

A. Pre-session documentation

33. Pre-session documentation will include:

(a) Provisional agenda (A/CONF.231/1);

(b) Provisional rules of procedure (A/CONF.231/2);

(c) Note by the President of the General Assembly transmitting the draft outcome document of the Conference (A/CONF.231/3);

(d) Note by the Secretary-General on organizational and procedural matters (A/CONF.231/4);

(e) Information for participants (A/CONF.231/INF/1).

B. In-session documentation

34. In-session documentation will include:

(a) Report of the Credentials Committee (A/CONF.231/5);

(b) Draft report of the Conference (A/CONF.231/L.1);

(c) Draft resolution on the outcome of the Conference (A/CONF.231/INF/2);

(d) Provisional list of delegations to the Conference.

C. Post-session documentation

35. It is recommended that, in accordance with the practice followed at previous United Nations conferences, the report of the Conference consist of the decisions of the Conference, a brief account of the proceedings and a reportorial account of the work of the Conference and the action taken in plenary meetings.

36. General Assembly resolution 71/280 provided that the Conference would result in an intergovernmental negotiated and agreed outcome, entitled "Global compact for safe, orderly and regular migration" and that it would also result in summaries of the plenary meetings and other deliberations, to be included in the report of the Conference.

D. Inputs from all relevant stakeholders

37. Background information for the Conference, including inputs received from all relevant stakeholders, will be posted and updated, on a regular basis, on the Conference website.

X. Side events

38. A series of special events, including briefings, seminars, workshops and panel discussions on issues related to the Conference will be organized by participating States, organizations of the United Nations system and accredited institutional and non-institutional stakeholders for the benefit of the participants in the Conference. Guidelines for organizing special events and the calendar of those events will be made available on the Conference website.

XI. Media coverage

39. Press materials will be prepared by the Department of Public Information of the Secretariat for journalists covering the Conference. In addition, the documents counter in the media area will provide all Conference documents, as well as any press releases issued on its plenary meetings, dialogues and other events. They will also be made available electronically at www.un.org/press/en (in English) and www.un.org/press/fr (in French).

40. The plenary meetings and dialogues, as well as press conferences, will be broadcast live into the media area, with a direct feed available to broadcasters. In addition, a webcast of the events will be available to audiences around the globe, at http://webtv.un.org. A programme of special media briefings and press conferences will be announced.

XII. Action by the General Assembly

41. **In order to facilitate and expedite the preparatory work for the Conference, the General Assembly may wish to take appropriate action on the proposals contained in the present note and its annexes at the main part of its seventy-second session. Pursuant to resolution 71/280, the precise modalities of the intergovernmental conference are to be decided by Member States by January 2018. The Secretariat will consider the financial implications arising from the decisions to be taken by Member States in accordance with rule 153 of the rules of procedure of the Assembly.**

Annex I

Provisional rules of procedure for the intergovernmental conference to adopt a global compact for safe, orderly and regular migration

I. Representation and credentials

Rule 1
Composition of delegations

The delegation of each State participating in the Conference and that of the European Union shall consist of a head of delegation and such other representatives, alternate representatives and advisers as may be required.

Rule 2
Alternates and advisers

The head of delegation may designate an alternate representative or an adviser to act as a representative.

Rule 3
Submission of credentials

The credentials of representatives and the names of alternate representatives and advisers shall be submitted to the Secretary-General of the United Nations, if possible, not less than one week before the date fixed for the opening of the Conference. The credentials shall be issued either by the Head of the State or Government or by the Minister for Foreign Affairs or, in the case of the European Union, by the President of the European Commission.

Rule 4
Credentials Committee

A Credentials Committee of nine members shall be appointed at the beginning of the Conference. Its composition shall be based on that of the Credentials Committee of the General Assembly of the United Nations at its seventy-third session. It shall examine the credentials of representatives and report to the Conference without delay.

Rule 5
Provisional participation in the Conference

Pending a decision of the Conference on their credentials, representatives shall be entitled to participate provisionally in the Conference.

II. Officers

Rule 6
Elections

The Conference shall elect from among the representatives of participating States the following officers: a President and 14 Vice-Presidents,[a] one of whom shall be designated as Rapporteur-General, as well as a chair for the Main Committee established in accordance with rule 46. The officers shall be elected with a view to ensuring the representative character of the General Committee. The Conference may also elect such other officers as it deems necessary for the performance of its functions.

Rule 7
General powers of the President

1. In addition to exercising the powers conferred upon him/her elsewhere by these rules, the President shall preside at the plenary meetings of the Conference, declare the opening and closing of each meeting, direct the discussions, ensure observance of these rules, accord the right to speak, put questions to the vote and announce decisions. The President shall rule on points of order and, subject to these rules, shall have complete control of the proceedings and over the maintenance of order thereat. The President may propose to the Conference the closure of the list of speakers, a limitation on the time to be allowed to speakers and on the number of times the representative of each participant in the Conference may speak on a question, the adjournment or the closure of the debate and the suspension or the adjournment of a meeting.

2. The President, in the exercise of his/her functions, remains under the authority of the Conference.

Rule 8
Acting President

1. If the President is absent from a meeting or any part thereof, he/she shall designate one of the Vice-Presidents to take his/her place.

2. A Vice-President acting as President shall have the same powers and duties as the President.

Rule 9
Replacement of the President

If the President is unable to perform his/her functions, a new President shall be elected.

Rule 10
Voting rights of the President

The President, or a Vice-President acting as President, shall not vote, but may appoint another member of his/her delegation to vote in his/her place.

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[a] Three from each of the following groups: African States, Asia-Pacific States, Eastern European States, Latin American and Caribbean States and Western European and other States. The election of the President will, however, have the effect of reducing by one the number of Vice-Presidents allocated to the region from which the President is elected.

III. General Committee

Rule 11
Composition

The President, the Vice-Presidents, the Rapporteur-General and the Chair of the Main Committee shall constitute the General Committee. The President or, in his/her absence, one of the Vice-Presidents designated by him/her, shall serve as Chair of the General Committee. The Chair of the Credentials Committee and other committees established by the Conference in accordance with rule 48 may participate, without the right to vote, in the General Committee.

Rule 12
Substitute members

If the President or a Vice-President of the Conference is to be absent during a meeting of the General Committee, he/she may designate a member of his/her delegation to sit and vote in the Committee. In case of absence, the Chair of the Main Committee shall designate the Vice-Chair of that Committee as his/her substitute. When serving on the General Committee, a Vice-Chair of the Main Committee shall not have the right to vote if he/she is a member of the same delegation as another member of the General Committee.

Rule 13
Functions

The General Committee shall assist the President in the general conduct of the business of the Conference and, subject to the decisions of the Conference, shall ensure the coordination of the work of the Conference.

IV. Secretariat of the Conference

Rule 14
Duties of the Secretary-General of the United Nations

1. The Secretary-General of the United Nations or her/his designated representative shall act in that capacity in all meetings of the Conference and its subsidiary organs.

2. The Secretary-General of the United Nations may designate a member of the secretariat to act in her/his place at these meetings.

3. The Secretary-General of the United Nations or her/his designated representative shall direct the staff required by the Conference.

Rule 15
Duties of the secretariat of the Conference

The secretariat of the Conference shall, in accordance with the present rules:

(a) Provide simultaneous interpretation of speeches made at meetings;

(b) Receive, translate, reproduce and circulate the documents of the Conference;

(c) Publish and circulate the official documents of the Conference;

(d) Prepare and circulate records of public meetings;

(e) Make and arrange for the keeping of sound recordings of meetings;

(f) Arrange for the custody and preservation of the documents of the Conference in the archives of the United Nations;

(g) Generally perform all other work that the Conference may require.

Rule 16
Statements by the Secretariat

The Secretary-General of the United Nations, or any member of the Secretariat designated for that purpose, may, at any time, make either oral or written statements concerning any question under consideration.

V. Opening of the Conference

Rule 17
Temporary President

The Secretary-General of the United Nations in her/his absence, any member of the Secretariat designated by her/him for that purpose, shall open the first meeting of the Conference and preside until the Conference has elected its President.

Rule 18
Decisions concerning organization

The Conference shall, at its first meeting:

(a) Adopt its rules of procedure;

(b) Elect its officers and constitute its subsidiary organs;

(c) Adopt its agenda, the draft of which shall, until such adoption, be the provisional agenda of the Conference;

(d) Decide on the organization of its work.

VI. Conduct of business

Rule 19
Quorum

The President may declare a meeting open and permit the debate to proceed when at least one third of the States participating in the Conference are present. The presence of a majority of the States so participating shall be required for any decision to be taken.

Rule 20
Speeches

1. No representative may address the Conference without having previously obtained the permission of the President. Subject to rules 21, 22 and 25 to 27, the President shall call upon speakers in the order in which they indicate their desire to speak. The secretariat shall be in charge of drawing up a list of speakers.

2. Debate shall be confined to the question before the Conference, and the President may call a speaker to order if his/her remarks are not relevant to the subject under discussion.

3. The Conference may limit the time allowed to each speaker and the number of times each participant may speak on any question. Permission to speak on a motion to set such limits shall be accorded to only two representatives in favour of and two opposing such limits, after which the motion shall be immediately put to the vote. In any event, with the consent of the Conference, the President shall limit each intervention on procedural matters to five minutes. When the debate is limited and a speaker exceeds the allotted time, the President shall call him/her to order without delay.

Rule 21
Points of order

During the discussion of any matter, a representative may at any time raise a point of order, which shall be immediately decided by the President in accordance with the present rules. A representative may appeal against the ruling of the President. The appeal shall be immediately put to the vote, and the President's ruling shall stand unless overruled by a majority of the States present and voting. A representative may not, in raising a point of order, speak on the substance of the matter under discussion.

Rule 22
Precedence

The Chair or the Rapporteur of the Main Committee, or the representative of a subcommittee or working group, may be accorded precedence for the purpose of explaining the conclusions arrived at by the body concerned.

Rule 23
Closing of the list of speakers

During the course of a debate, the President may announce the list of speakers and, with the consent of the Conference, declare the list closed.

Rule 24
Right of reply

1. Notwithstanding rule 23, the President shall accord the right of reply to a representative of any State participating in the Conference or of the European Union who requests it. Any other representative may be granted the opportunity to make a reply.

2. The statements made under the present rule shall normally be made at the end of the last meeting of the day, or at the conclusion of the consideration of the relevant item if that is sooner.

3. Representatives of a State or of the European Union may make no more than two statements under the present rule at a given meeting on any item. The first shall be limited to five minutes and the second to three minutes; representatives shall, in any event, attempt to be as brief as possible.

Rule 25
Adjournment of debate

A representative of any State participating in the Conference may at any time move the adjournment of the debate on the question under discussion. In addition to the proposer of the motion, permission to speak on the motion shall be accorded to only two representatives in favour and to two opposing the adjournment, after which the motion shall, subject to rule 28, be immediately put to the vote.

Rule 26
Closure of debate

A representative of any State participating in the Conference may at any time move the closure of the debate on the question under discussion, whether or not any other representative has signified his/her wish to speak. Permission to speak on the motion shall be accorded to only two representatives opposing the closure, after which the motion shall, subject to rule 28, be immediately put to the vote.

Rule 27
Suspension or adjournment of the meeting

Subject to rule 38, a representative of any State participating in the Conference may at any time move the suspension or the adjournment of the meeting. No discussion on such motions shall be permitted and they shall, subject to rule 28, be immediately put to the vote.

Rule 28
Order of motions

The motions indicated below shall have precedence in the following order over all proposals or other motions before the meeting:

(a) To suspend the meeting;

(b) To adjourn the meeting;

(c) To adjourn the debate on the question under discussion;

(d) To close the debate on the question under discussion.

Rule 29
Submission of proposals and substantive amendments

Proposals and substantive amendments shall normally be submitted in writing to the Secretary-General or his/her designated representative, who shall circulate copies to all delegations in the languages of the Conference. Unless the Conference decides otherwise, substantive proposals shall be discussed or put to a decision no earlier than 24 hours after copies have been circulated to all delegations. The President may, however, permit the discussion and consideration of amendments, even though those amendments have not been circulated or have been circulated only the same day.

Rule 30
Withdrawal of proposals and motions

A proposal or a motion may be withdrawn by its sponsor at any time before a decision on it has been taken, provided that it has not been amended. A proposal or a motion thus withdrawn may be reintroduced by any representative.

Rule 31
Decisions on competence

Subject to rule 28, any motion calling for a decision on the competence of the Conference to adopt a proposal submitted to it shall be put to the vote before a decision is taken on the proposal in question.

Rule 32
Reconsideration of proposals

When a proposal has been adopted or rejected, it may not be reconsidered unless the Conference, by a two-thirds majority of the States present and voting, so decides. Permission to speak on a motion to reconsider shall be accorded to only two speakers opposing reconsideration, after which the motion shall be immediately put to the vote.

VII. Decision-making

Rule 33
General agreement

1. The Conference shall adopt an intergovernmental negotiated and agreed outcome, entitled "Global compact for safe, orderly and regular migration", and make its best endeavour to ensure that all the other work of the Conference is accomplished by consensus.

2. Notwithstanding any measures that may be taken in compliance with paragraph 1 above, a proposal before the Conference shall be voted on if a representative of any State participating in the Conference so requests.

Rule 34
Voting rights

Each State participating in the Conference shall have one vote.

Rule 35
Majority required

1. Subject to rule 33, decisions of the Conference on all matters of substance shall be taken by a two-thirds majority of the States present and voting.

2. Except as otherwise provided in the present rules, decisions of the Conference on all matters of procedure shall be taken by a majority of the States present and voting.

3. If the question arises whether a matter is one of procedure or of substance, the President of the Conference shall rule on the question. An appeal against that ruling shall be immediately put to the vote, and the President's ruling shall stand unless overruled by a majority of the States present and voting.

4. If a vote is equally divided, the proposal or motion shall be regarded as rejected.

Rule 36
Meaning of the phrase "States present and voting"

For the purpose of the present rules, the phrase "States present and voting" means States casting an affirmative or negative vote. States which abstain from voting shall be regarded as not voting.

Rule 37
Method of voting

1. Except as provided in rule 44, the Conference may vote by show of hands, except that a representative may request a roll call, which shall then be taken in the English alphabetical order of the names of the States participating in the

Conference, beginning with the delegation whose name is drawn by lot by the President. The name of each State shall be called in all roll calls, and its representative shall reply "yes", "no" or "abstention".

2. When the Conference votes by mechanical means, a non-recorded vote shall replace a vote by show of hands and a recorded vote shall replace a roll call. A representative may request a recorded vote, which shall, unless a representative requests otherwise, be taken without calling out the names of the States participating in the Conference.

3. The vote of each State participating in a roll-call or a recorded vote shall be inserted in any record of or report on the meeting.

Rule 38
Conduct during voting

After the President has announced the commencement of voting, no representative shall interrupt the voting, except on a point of order in connection with the process of voting.

Rule 39
Explanation of vote

1. Representatives may make brief statements, consisting solely of explanations of vote, before the voting has commenced or after the voting has been completed. The President may limit the time to be allowed for such explanations. The representative of a State sponsoring a proposal or motion shall not speak in explanation of vote thereon, except if it has been amended.

2. When the same matter is considered successively in several organs of the Conference, a State should, as far as possible, explain its vote only in one such organ, unless its vote in one organ is different from that in another organ.

Rule 40
Division of proposals

A representative may move that parts of a proposal be decided on separately. If a representative objects, the motion for division shall be voted upon. Permission to speak on the motion shall be accorded to only two representatives in favour of and to two opposing the division. If the motion is carried, those parts of the proposal that are subsequently approved shall be put to the Conference for decision as a whole. If all operative parts of the proposal have been rejected, the proposal shall be considered to have been rejected as a whole.

Rule 41
Amendments

A proposal is considered an amendment to another proposal if it merely adds to, deletes from or revises part of that proposal. Unless specified otherwise, the word "proposal" in these rules shall be regarded as including amendments.

Rule 42
Order of voting on amendments

When an amendment is moved to a proposal, the amendment shall be voted on first. When two or more amendments are moved to a proposal, the Conference shall vote first on the amendment furthest removed in substance from the original proposal and then on the amendment next furthest removed therefrom, and so on, until all the amendments have been put to the vote. Where, however, the adoption of

one amendment necessarily implies the rejection of another amendment, the latter shall not be put to the vote. If one or more amendments are adopted, the amended proposal shall then be voted upon.

Rule 43
Order of voting on proposals

1. If two or more proposals, other than amendments, relate to the same question, they shall, unless the Conference decides otherwise, be voted on in the order in which they were submitted. The Conference may, after each vote on a proposal, decide whether to vote on the next proposal.

2. Revised proposals shall be voted on in the order in which the original proposals were submitted, unless the revision substantially departs from the original proposal. In that case, the original proposal shall be regarded as withdrawn and the revised proposal shall be treated as a new proposal.

3. A motion requiring that no decision be taken on a proposal shall be put to the vote before a decision is taken on the proposal in question.

Rule 44
Elections

All elections shall be held by secret ballot unless, in the absence of any objection, the Conference decides to proceed without taking a ballot when there is an agreed candidate or slate of candidates.

Rule 45
Balloting

1. When one or more elective places are to be filled at one time under the same conditions, those candidates, in a number not exceeding the number of such places, obtaining in the first ballot a majority of the votes cast and the largest number of votes shall be elected.

2. If the number of candidates obtaining such majority is less than the number of places to be filled, additional ballots shall be held to fill the remaining places, the voting being restricted to the candidates obtaining the largest number of votes in the previous ballot, to a number not more than twice the places remaining to be filled.

VIII. Subsidiary organs

Rule 46
Main Committee

The Conference may establish a Main Committee.

Rule 47
Representation on the Main Committee

Each State participating in the Conference and the European Union may be represented by one representative on the Main Committee established by the Conference. They may assign to the Committee such alternate representatives and advisers as may be required.

Rule 48
Other committees and working groups

1. In addition to the Main Committee referred to above, the Conference may establish such committees and working groups as it deems necessary for the performance of its functions.

2. Subject to the decision of the plenary of the Conference, the Main Committee may set up subcommittees and working groups.

Rule 49
Members of committees, subcommittees and working groups

1. The members of the committees and working groups of the Conference, referred to in rule 48, paragraph 1, shall be appointed by the President, subject to the approval of the Conference, unless the Conference decides otherwise.

2. Members of the subcommittees and working groups of committees shall be appointed by the Chair of the committee in question, subject to the approval of that committee, unless the committee decides otherwise.

Rule 50
Officers

Except as otherwise provided in rule 6, each committee, subcommittee and working group shall elect its own officers.

Rule 51
Quorum

1. The Chair of the Main Committee may declare a meeting open and permit the debate to proceed when at least one quarter of the States participating in the Conference are present. The presence of a majority of the States so participating shall be required for any decision to be taken.

2. A majority of the members of the General Committee or the Credentials Committee or of any committee, subcommittee or working group shall constitute a quorum.

Rule 52
Officers, conduct of business and voting

The rules contained in sections II, VI (except rule 19) and VII above shall be applicable, mutatis mutandis, to the proceedings of committees, subcommittees and working groups, except that:

(a) The Chairs of the General Committee and the Credentials Committee and the Chairs of the committees, subcommittees and working groups may exercise the right to vote, provided that they are representatives of participating States;

(b) Decisions of committees, subcommittees and working groups shall be taken by a majority of the members present and voting, except that the reconsideration of a proposal or an amendment shall require the majority established by rule 32.

IX. Languages and records

Rule 53
Languages of the Conference

Arabic, Chinese, English, French, Russian and Spanish shall be the languages of the Conference.

Rule 54
Interpretation

1. Speeches made in a language of the Conference shall be interpreted into the other five languages.

2. A representative may speak in a language other than a language of the Conference if the delegation concerned provides for interpretation into one of the languages of the Conference.

Rule 55
Languages of official documents

Official documents of the Conference shall be made available in the languages of the Conference.

Rule 56
Sound recordings of meetings

Sound recordings of the plenary meetings of the Conference and of the meetings of the Main Committee, shall be made and kept in accordance with the practice of the United Nations. Unless otherwise decided by the Conference or the Main Committee, no such recordings shall be made of any of the other meetings of the Conference.

X. Public and private meetings

General principles

Rule 57

The plenary meetings of the Conference and the meetings of any committee shall be held in public unless the body concerned decides otherwise. All decisions taken by the plenary of the Conference at a private meeting shall be announced at an early public meeting of the plenary.

Rule 58

As a general rule, meetings of the General Committee, Credentials Committee, subcommittees or working groups shall be held in private.

Rule 59
Communiqués on private meetings

At the close of a private meeting, the presiding officer of the organ concerned may issue a communiqué through the Secretary-General of the United Nations or her/his designated representative.

XI. Other participants and observers

Rule 60
Intergovernmental organizations and other entities having received a standing invitation to participate as observers in the sessions and work of the General Assembly

Representatives designated by intergovernmental organizations and other entities having received a standing invitation to participate as observers in the sessions and work of the General Assembly have the right to participate as observers, without the right to vote, in the deliberations of the Conference, the Main Committee and, as appropriate, any other committee or working group.

Rule 61
Associate members of regional commissions[b]

Representatives designated by the associate members of regional commissions listed in the footnote below may participate as observers, without the right to vote, in the deliberations of the Conference, the Main Committee and, as appropriate, any other committee or working group.

Rule 62
Representatives of the specialized agencies and related organizations[c]

Representatives designated by the specialized agencies and related organizations may participate as observers, without the right to vote, in the deliberations of the Conference, the Main Committee and, as appropriate, any other committee or working group on questions within the scope of their activities.

Rule 63
Representatives of other intergovernmental organizations

Save where otherwise specifically provided with respect to the European Union in these rules of procedure, representatives designated by other intergovernmental organizations invited to the Conference may participate as observers, without the right to vote, in the deliberations of the Conference, the Main Committee and, as appropriate, any other committee or working group on questions within the scope of their activities.

Rule 64
Representatives of interested United Nations organs

Representatives designated by interested organs of the United Nations may participate as observers, without the right to vote, in the deliberations of the Conference, the Main Committee and, as appropriate, any other committee or working group on questions within the scope of their activities.

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[b] American Samoa, Anguilla, Aruba, Bermuda, the British Virgin Islands, the Cayman Islands, the Commonwealth of the Northern Mariana Islands, Curaçao, French Polynesia, Guadeloupe, Guam, Martinique, Montserrat, New Caledonia, Puerto Rico, St. Maarten, the Turks and Caicos Islands and the United States Virgin Islands.

[c] For the purpose of the present rules, the term "related organizations" includes the International Atomic Energy Agency, the International Criminal Court, the International Organization for Migration, the International Seabed Authority, the International Tribunal for the Law of the Sea, the Organisation for the Prohibition of Chemical Weapons, the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization and the World Trade Organization.

Rule 65
Representatives of non-governmental organizations

1. Non-governmental organizations accredited to participate in the Conference may designate representatives to attend public meetings of the Conference and the Main Committee as observers.

2. Upon the invitation of the presiding officer of the Conference and subject to the approval of the Conference, such observers may make oral statements on questions in which they have special competence. If the number of requests to speak is too large, the non-governmental organizations shall be requested to form themselves into constituencies, such constituencies to speak through spokespersons.

Rule 66
Written statements

Written statements submitted by the designated representatives referred to in rules 60 to 65 shall be circulated by the secretariat to all delegations in the quantities and the languages in which the statements are made available to it at the site of the Conference, provided that a statement submitted on behalf of a non-governmental organization must be related to the work of the Conference and be on a subject in which the organization has a special competence. Written statements shall not be made available at United Nations expense and shall not be issued as official documents.

XII. Suspension and amendment of the rules of procedure

Rule 67
Method of suspension

Any of these rules may be suspended by the Conference provided that 24 hours' notice of the proposal for the suspension has been given, which may be waived if no representative objects. Any such suspension shall be limited to a specific and stated purpose and to a period required to achieve that purpose.

Rule 68
Method of amendment

These rules of procedure may be amended by a decision of the Conference taken by a two-thirds majority of the representatives present and voting, after the General Committee has reported on the proposed amendment.

Annex II

Provisional agenda of the intergovernmental conference to adopt a global compact for safe, orderly and regular migration

1. Opening of the Conference.
2. Election of the President.
3. Adoption of the rules of procedure.
4. Adoption of the agenda.
5. Election of officers other than the President.
6. Organization of work, including the establishment of subsidiary organs, and other organizational matters.
7. Credentials of representatives to the Conference:
   (a) Appointment of members of the Credentials Committee;
   (b) Report of the Credentials Committee.
8. General debate.
9. Report on the multi-stakeholder dialogues.
10. Outcome of the Conference.
11. Adoption of the report of the Conference.
12. Closure of the Conference.

Annex III

Proposed timetable for the work of the intergovernmental conference to adopt a global compact for safe, orderly and regular migration

Date time	*Agenda item programme*	
Sunday, 16 September		
1st plenary meeting		
9 a.m.-1 p.m.	1	Opening of the Conference by the Secretary-General of the United Nations
	2	Election of the President
	1	Opening statements
	3	Adoption of the rules of procedure
	4	Adoption of the agenda
	5	Election of officers other than the President
	6	Organization of work, including the establishment of subsidiary organs, and other organizational matters
	7 (a)	Credentials of representatives to the Conference: appointment of members of the Credentials Committee
	8	General debate
Dialogues		
10 a.m.-2 p.m.		Dialogue 1
2nd plenary meeting		
1-3 p.m.	8	General debate
3rd plenary meeting		
3-6 p.m.	8	General debate
Main Committee		
3-6 p.m.	10	Outcome of the Conference
Dialogues		
3-7 p.m.		Dialogue 2
4th plenary meeting		
6-8 p.m.	8	General debate
Monday, 17 September		
5th plenary meeting		
9 a.m.-1 p.m.	8	General debate

Date and time	*Agenda item or programme*	
Main Committee		
10 a.m.-1 p.m.	10	Outcome of the Conference
Dialogues		
9 a.m.-1 p.m.		Dialogue 3
6th plenary meeting		
1-3 p.m.	8	General debate
7th plenary meeting		
3-6 p.m.	8	General debate
Main Committee		
3-6 p.m.	10	Outcome of the Conference
Dialogues		
2-6 p.m.		Dialogue 4
8th plenary meeting		
6-8 p.m.	8	General debate
	7 (b)	Credentials of representatives to the Conference: report of the Credentials Committee
	10	Outcome of the Conference
	11	Adoption of the report of the Conference
	12	Closure of the Conference

United Nations A/72/272

General Assembly

Distr.: General
1 August 2017

Original: English

Seventy-second session
Item 23 (b) of the provisional agenda*
Groups of countries in special situations: follow-up to the second United Nations Conference on Landlocked Developing Countries

Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024

Report of the Secretary-General

Summary

The present report is submitted pursuant to resolution 71/239, in which the General Assembly requested the Secretary-General to submit at its seventy-second session a progress report on the implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024.

* A/72/150.

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I. Introduction

1. The landlocked developing countries are confronted with structural challenges that pertain to their geographical disadvantages, resulting in disproportionally high transport and trade costs that hinder competitiveness, job creation, integration into world markets, economic growth and overall sustainable development. Landlocked developing countries have to pay more than double what coastal countries incur and require about double the time taken by transit countries to export and import their goods. As a result, the level of development in those countries is, on average, 20 per cent lower than what it would be were they not landlocked.

2. The Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024 reflects the commitment of the international community to address such challenges in a more coherent manner and to contribute to an enhanced rate of sustainable and inclusive growth, which can contribute to the eradication of poverty. The Programme is focused on six priority areas of action, with specific objectives to be achieved by 2024.

3. The ambitious and transformative 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals provide a holistic global development agenda addressing the three dimensions of sustainable development — economic, social and environmental — that, if implemented urgently, effectively and at scale, will transform the world by eradicating extreme poverty. The 2030 Agenda places renewed emphasis on countries in special situations, including by addressing the special needs of landlocked developing countries. The Vienna Programme of Action is integral to the 2030 Agenda, and its full implementation is critical for the realization by the landlocked developing countries of the Sustainable Development Goals. The implementation of the Programme of Action will help to ensure the principle set out in the 2030 Agenda of leaving no one behind.

4. The present report is the third one in which progress in implementing the Vienna Programme of Action is assessed (for the previous report, see A/71/313). The role of United Nations entities in its follow-up is highlighted, and some recommendations to accelerate its implementation are proposed.

II. Overview of recent socioeconomic developments and progress towards the Sustainable Development Goals in landlocked developing countries

5. Between 2003 and 2013, the rate of growth in the gross domestic product (GDP) of landlocked developing countries averaged 7 per cent. Growth rates declined from a high of almost 10 per cent in 2007 to 4.9 per cent in 2009. Growth recovered in many of those countries during the period 2010-2013, although the overall GDP of landlocked developing countries grew annually by only 4.9 per cent in 2014-2015. In 2016 estimated growth was 2.6 per cent, more than 1 percentage point lower than in 2015.

6. Only six landlocked developing countries have a high ranking in the human development index; the average for those countries in 2015 was 0.57, with the highest being 0.79 and the lowest being 0.35. Of the 41 countries with low human development scores in 2015, 15 were landlocked developing countries.

7. Efforts will need to be scaled up and sustained in order to eradicate extreme poverty by 2030 in landlocked developing countries. The proportion of their population living below the international poverty line of $1.90 per day declined from 48.6 per cent in 2002 to 30.5 per cent in 2012. The percentage of the employed

population below the poverty line in those countries has also been declining over time, from 47.2 per cent in 2000 to 23.7 per cent in 2016.

8. With regard to Goal 2, the past 15 years have witnessed a decline in undernourishment in landlocked developing countries, from 33.6 per cent in 2000-2002 to 22.7 per cent in 2014-2016. The prevalence of undernourishment in those countries in 2014-2016 was estimated to be 76 per cent higher than the average in developing countries as a whole.

9. With regard to Goal 3, ensuring healthy lives and promoting well-being for all at all ages, there has been steady improvement in the landlocked developing countries in reducing under-5 mortality rates, which declined from 139.7 per 1,000 live births in 2000 to 67.9 in 2015. Yet this figure is still considerably higher than the average for the developing world. Since 2000, the HIV incidence rate has declined from 2.13 new cases per 1,000 uninfected people in 2000 to 0.84 in 2015, with improvements noted especially among women and children. Progress was also made on indicators for malaria and tuberculosis, although the incidence in landlocked developing countries was higher than the average in the developing world.

10. With regard to Goal 4, during the period 2000-2014, overall improvement was recorded in school enrolment indicators. Progress continues to be made with regard to Goal 5, on gender equality and empowering all women and girls, with a decline seen in the percentages of women aged 20-24 reporting that they had been married by the age of 15 or by the age of 18, and in the proportion of girls having undergone female genital mutilation. In 2016, 26 per cent of seats in national parliaments and local governing bodies in landlocked developing countries were held by women, exceeding the global average of 23.4 per cent.

11. On Goal 6, although there have been gradual and steady improvements over the past decade, the average proportion of the population in landlocked developing countries with access to improved drinking water sources and sanitation facilities is low, well below world averages. Increased government expenditure is needed along with the strengthened participation of local communities on water and sanitation management, especially in rural areas.

12. With regard to Goal 7, on energy, the percentage of the population with access to electricity rose from 34.9 in 2000 to 48.5 in 2014. The decline over the past decade in the share of renewable energy in the total energy mix continued over the past year. This is due to the growing discovery and utilization of hydrocarbon resources.

13. With regard to Goal 9, on industry, innovation and infrastructure, air passenger and freight transport continued to grow, reaching an all-time high in 2015. The share of manufacturing in total GDP remains almost constant, declining slightly from 9.3 per cent in 2015 to 9.2 per cent in 2016. Expenditure on research and development as a percentage of GDP remained constant from 2013 to 2014, although the number of researchers increased. Official international support to infrastructure has increased steadily over the past 15 years.

14. With regard to Goal 17, on partnerships, the flow of official development assistance (ODA) to landlocked developing countries decreased from $26.1 billion in 2014 to $24.8 billion in 2015. Participation in international trade, measured as the share of merchandise exports in global exports, rose from 0.58 per cent in 2003 to a peak of 1.22 per cent in 2012, before declining to 0.9 per cent in 2016.

15. With regard to Goals 11 and 12, the mean level of fine particulate matter in cities in 2014 was 44 per cent as compared to a world average of 45 per cent.

Material consumption has been on an upward trend, measured both by material footprint per unit of GDP and on a per capita basis.

16. Landlocked developing countries are particularly vulnerable to the negative impacts of climate change, especially drought, desertification, land degradation and the melting of glaciers. Most are dependent on rain-fed agriculture, and most of their agricultural land is in arid and semi-arid areas, characterized by high variability in rainfall. The decline in forested area, which decreased to 15.7 per cent of the total land area in 2015, continued.

17. On Goal 14, although the United Nations Convention on the Law of the Sea gives landlocked States the right to utilize the oceans, seas and marine resources; to participate, on an equitable basis, in the exploitation of an appropriate part of the surplus of the living resources of the exclusive economic zones of coastal States of the same subregion or region; and to carry out activities in the international seabed area, which, along with its resources, are the common heritage of mankind, not many landlocked developing countries are taking advantage of those rights. Their limited participation is attributable to insufficient resources, lack of awareness and limited access to the sea; therefore they require financial and technical support to foster their implementation of Goal 14.

III. Status of implementation of the priorities of the Vienna Programme of Action

Priority 1: fundamental transit policy issues

18. The Vienna Programme of Action underscores the importance of a supportive legal framework, in particular the harmonization, simplification and standardization of rules and documentation, including the full and effective implementation of international conventions on transport and transit. The current status of ratification of important international legal instruments by the landlocked developing countries and the transit countries is presented in the table below. Recent ratifications include that of Afghanistan, which joined the World Trade Organization (WTO) in July 2016 as its 164th member. An additional nine landlocked developing countries ratified the WTO Trade Facilitation Agreement during the reporting period. China and India are now contracting parties to the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention). The Republic of Moldova acceded to the Customs Convention on Containers, and Turkmenistan acceded to the International Convention on the Harmonization of Frontier Controls of Goods.

19. The table below shows that although there has been some progress in the landlocked developing countries and transit countries on the ratification of conventions, more still needs to be done.

Status of ratification of key international conventions promoting trade and transport facilitation

Convention	*Landlocked developing countries*	*Transit countries*	*World total*
World Trade Organization Trade Facilitation Agreement (2013)	19	20	121
Revised Kyoto Convention (2006)	18	23	110
World Trade Organization Agreement (1994)	26	30	164

Convention	*Landlocked developing countries*	*Transit countries*	*World total*
United Nations Convention on the Law of the Sea (1982)	20	29	168
Customs Convention on the International Transport of Goods under Cover of TIR Carnets (1975)	11	7	71
International Convention on the Harmonization of Frontier Controls of Goods (1982)	12	2	58

Source: The Office of Legal Affairs, the Economic Commission for Europe, the World Customs Organization and the World Trade Organization (updated 7 August 2017).

20. At the regional level, in Asia, the Intergovernmental Agreement on Dry Ports entered into force in April 2016. Since then, five more countries have ratified the agreement. In Africa, capacity-building workshops were conducted to disseminate road standards and the norms of the Trans-African Highways Programme and the Inter-Governmental Agreement in order to encourage ratification of the agreement.

21. The priority area on fundamental transit policy issues has three main objectives. The first is to reduce travel time along corridors with the aim of allowing transit cargo to move 300-400 km every 24 hours. Data that can be used to monitor progress towards this objective is available only for some corridors (highlighted below). Overall road corridor performance in the eight landlocked developing countries served by the Central Asia Regional Economic Cooperation Programme averaged 550 km per 24 hours in 2014, increasing to 556 km per 24 hours in 2015, indicating that the region has already achieved the target.

22. In Africa, data from the Northern Corridor Transport Observatory Report collected between October 2015 and March 2016 show that the transit speed in kilometres per 24 hours from Mombasa, Kenya, to Kampala was 205; to Juba was 164; and to Kigali was 147. All the routes on that corridor were much lower than the Vienna Programme of Action target. Data from the Central Corridor Transport Observatory annual report for 2015 show average transit speeds from the port of Dar es Salaam, United Republic of Tanzania, to Bujumbura of 393 km per 24 hours; to Kigali of 398 km per 24 hours; and to Kampala of 432 km per 24 hours. These data show that this corridor region has achieved the target.

23. In Latin America, according to the Economic Commission for Latin America and the Caribbean (ECLAC), the average travel time for transit cargo for the landlocked developing countries in the region is below the target because of the transport infrastructure constraints in both landlocked and transit countries and inefficient procedures at border crossings.

24. Overall, there is need for specific studies to determine the travel time along corridors used by the landlocked developing countries.

25. The second objective is aimed at significantly reducing the time spent at the borders. The World Bank's logistics performance index can be used to monitor the progress in achieving this objective. The index is the weighted average of the country scores on six key dimensions, including the efficiency of the border control agencies in carrying out the clearance process, the quality of trade- and transport-related infrastructure, the ease of arranging competitively priced shipments and the competence and quality of logistics services. The landlocked developing countries had an index of 2.49 in 2014 compared with 2.69 for the transit developing countries. In 2016 the index for the landlocked developing countries was 2.43 compared with 2.77 for transit countries. More effort is needed to improve the movement of goods across borders.

26. The third objective is aimed at reducing the amount of time spent at points of intermodal transfer between rail, road and port. Although data to measure progress on this objective are not readily available, World Bank studies indicate that the average cargo dwell time in most ports in East Asia and Europe is close to four days. In Africa, the port of Durban is comparable, with a dwell time of four days. Some progress has been made in reducing cargo dwell time, which decreased from 14 days in 2012 to 9 days in 2016 at Dar es Salaam port and from 11 days to 6 at Mombasa port over the same period. Other port dwell times identified in a 2012 World Bank report were: in Douala, Cameroon, 19 days; in Lomé, Togo, 18 days; in Tema, Ghana, 20 days. More efforts are needed to reduce the port dwell times, and there is a need to capture data and update it regularly in order to monitor this objective.

Priority 2: infrastructure development and maintenance

27. Efforts are under way to expand and upgrade road and rail transport infrastructure in all the regions having landlocked developing countries. The Asian Highway Network consists of 143,000 km of standardized roadways, and member countries have made progress in upgrading the routes. During the period 2006-2014, the proportion of roads in the network falling in class III (regarded as the minimum desirable standard) or better increased from 91 per cent to 92.1 per cent.

28. The Trans-African Highway has a total length of 54,120 km distributed along nine corridors. The network still has missing links, however, that need to be closed. Progress is being observed for Trans-African Highway No. 7, including several of its corridors.

29. In Latin America, efforts are under way to improve the road network, both nationally within the landlocked developing countries and in their transit neighbours. Both Paraguay and the Plurinational State of Bolivia are working on road transport infrastructure development projects.

30. With regard to railway infrastructure, some efforts are being made in all regions to expand and improve the existing network. There are over 26,362 km of missing links in the rail network in Africa, while there are more than 10,500 km of missing links in the trans-Asian railway network. Some recent successful examples of Asian landlocked developing countries' efforts include the Afghanistan-Turkmenistan Lajaward railway network (inaugurated in 2016) and a rail link connecting China, Kazakhstan, Turkmenistan and the Islamic Republic of Iran (inaugurated in 2016).

31. In Africa, the Djibouti-Addis Ababa standard gauge international railway was launched in September 2016. Kenya launched a new high-speed railway from Mombasa that is to extend to South Sudan, the Democratic Republic of the Congo and Burundi. The Governments of Benin, Burkina Faso, the Niger and Côte d'Ivoire are collaborating on the reconstruction and upgrading of the Cotonou-Niamey-Ouagadougou-Abidjan railway.

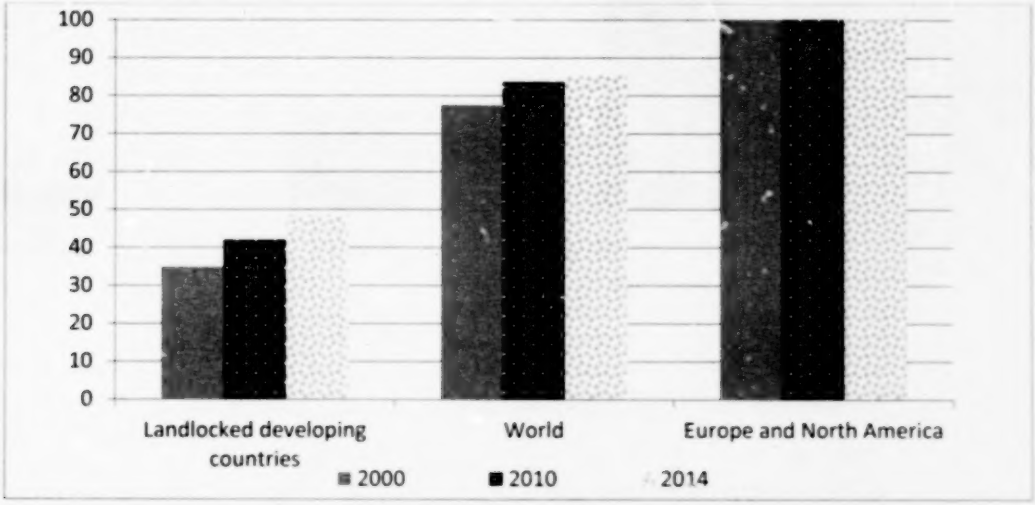
32. The number of passengers in landlocked developing countries travelling by air increased from 23.8 million in 2011 to about 30 million in 2015; this is only 0.9 per cent of the global total, however. Those countries have low volumes of freight transported by air, with an average of only 0.8 per cent of the global total in 2014. Air transport is particularly important because it provides those in landlocked developing countries with direct access to international markets without the need to pass through transit countries.

33. Inland waterways are important for accessing markets, particularly in Latin America, and pipelines are significant in nearly half of the landlocked developing

countries. Their further development and maintenance is important for the implementation of the Vienna Programme of Action.

34. Regarding energy infrastructure, the average proportion of the population in landlocked developing countries with access to electricity increased between 2010 and 2014 (see figure I), however those countries still lag behind the world average. Furthermore, at least two thirds of the population relies on biomass for cooking, underscoring the urgent need for improved access to clean and modern cooking energy.

Figure I
Proportion of the population with access to electricity (percentage)

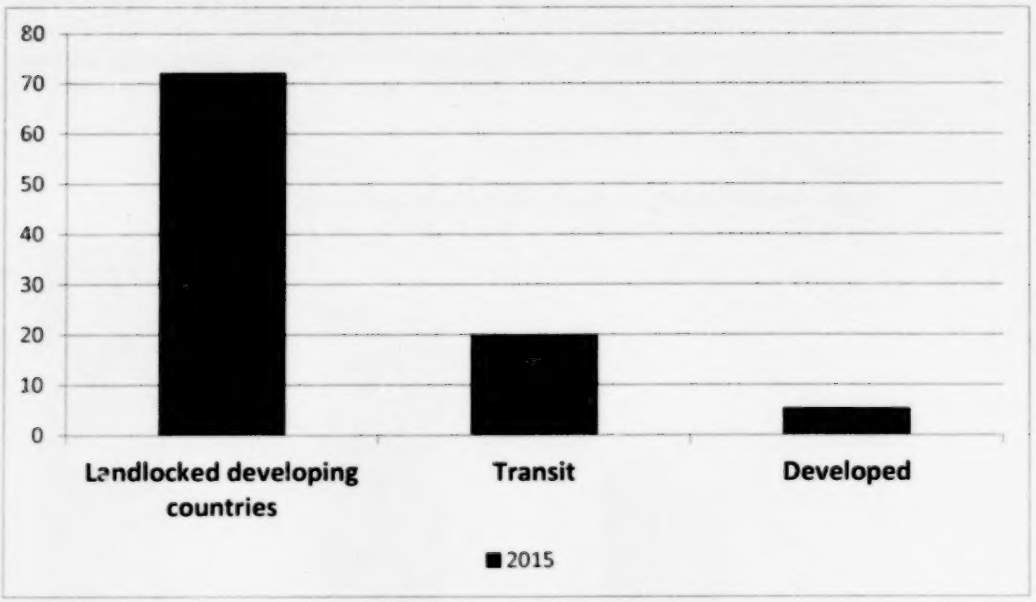


Source: E/2017/66.

35. With regard to information and communications technology (ICT), the landlocked developing countries have experienced strong growth in mobile cellular subscriptions, which increased from 3.1 per 100 people in 2003 to 71.9 in 2015, and the average number of Internet users increased from 1 per 100 people in 2003 to 20.5 in 2015. While this is an achievement, the landlocked developing countries lag behind other groups of countries.

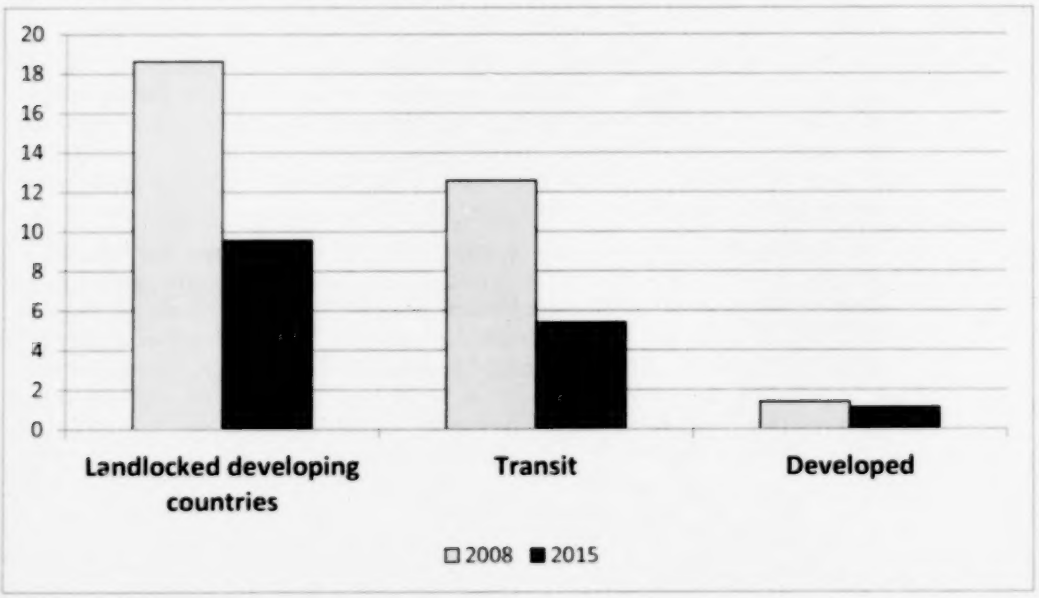
36. The landlocked developing countries still face high costs for broadband. Whereas the monthly fixed broadband price is 5 per cent of per capita monthly gross national income (GNI) in developed countries and 20 per cent in transit developing countries, it is 72 per cent in landlocked developing countries (see figure II). Similarly, the average price of a mobile cellular sub-basket in 2015 is much higher in landlocked developing countries in comparison with transit and developed countries (see figure III). More efforts are required to lower prices.

Figure II
Fixed-broadband price
(Percentage of monthly gross national income per capita)



Source: International Telecommunication Union.

Figure III
Mobile cellular sub-basket price
(Percentage of monthly gross national income per capita)



Source: International Telecommunication Union.

37. Closing the existing infrastructure gap in landlocked developing countries and transit countries and ensuring that the infrastructure is resilient and sustainable

requires the mobilization of all sources of infrastructure financing. According to ECLAC, Latin American countries should invest around 6.2 per cent of their annual GDP to meet their infrastructure needs. However, investment in the region amounts to only 2.3 per cent of GDP. Some 1.5 per cent of these capital inflows in 2015 came from the public sector, while the remaining 0.8 per cent came from the private sector. The Inter-American Development Bank (IDB) has increased its loan approvals for landlocked countries in the region, from $127 million for the period from 2004 to 2013 to $319 million for 2014-2016.

38. In Africa, several programmes are supporting infrastructure development, including the Programme for Infrastructure Development in Africa, which is supporting energy, transport, transboundary water and ICT projects estimated to cost $67.9 billion for the 2012-2020 period, and the Presidential Infrastructure Champion Initiative under the New Partnership for Africa's Development. Regarding South-South cooperation, China has supported infrastructure investment in several landlocked developing countries in Africa. The Africa50 Infrastructure Fund, created under the auspices of the African Development Bank with an initial subscribed aggregate amount of $830 million in share capital, had started developing and financing projects by the end of 2015.

39. In Asia, funding from the Asian Development Bank towards regional cooperation and integration increased from $3,049 billion in 2010 to $5,429 billion in 2016, of which 55 per cent went to transport infrastructure. China is making important contributions to the development of transport infrastructure in landlocked developing countries, particularly through its Belt and Road Initiative. The initiative includes six corridors along the land-based Silk Road Economic Belt and the Maritime Silk Road linking Asia with Europe and Africa. The landlocked developing and transit countries covered by the initiative will benefit from improved connectivity in infrastructure, trade, finance and policies. At the Belt and Road Forum, held in Beijing in May 2017, some of the relevant achievements of the initiative included a China-Lao People's Democratic Republic railway, an Addis Ababa-Djibouti railway and the alignment of the Belt and Road with the development strategies of the Eurasian Economic Union, the Association of Southeast Asian States (ASEAN), Kazakhstan, Turkey, Mongolia and Viet Nam. The initiative has also created financing mechanisms specifically to carry out the Belt and Road vision, including the multilateral Asian Infrastructure Investment Bank and China's Silk Road Fund.

40. At the 2017 Global Infrastructure Forum, the multilateral development banks agreed to deepen their collaboration to encourage private sector investment in infrastructure development by joining forces to co-finance projects, helping to generate interest among private sector investors in public-private partnerships and the development of infrastructure as an asset class for institutional investors.

41. Development partners are providing support on a bilateral basis for infrastructure development. For example, Austria has supported hydropower projects in Bhutan and Nepal.

Priority 3: international trade and trade facilitation

42. Despite the substantial contribution of trade to development, the 32 landlocked developing countries accounted for a low proportion of global merchandise exports, which reached just 0.88 per cent in 2016, a decline from 0.96 per cent in 2015.

43. Merchandise exports from landlocked developing countries have been declining since 2012, when about $225 billion in merchandise exports was recorded, compared to $140 billion in 2016. This represents a nearly 40 per cent decline, attributed mainly to declining commodity prices and exchange rates.

44. The landlocked developing countries recorded a trade deficit of about $38 billion in 2016, an increase from $29 billion in 2015. While the group as a whole has recorded a trade surplus in some years, the majority of the countries show a persistent trade deficit, which has implications for their development. The declining commodity prices and slow economic growth faced by the landlocked developing countries make them vulnerable to decreased access to finance, which will in turn make financing of the trade deficits increasingly challenging, leading to sustainability problems.

45. The merchandise exports of the landlocked developing countries remain highly concentrated on a few raw commodities, as portrayed by a concentration index (Herfindahl-Hirschmann Index) of 0.28 recorded in 2016. While this value shows an improvement in the diversification of exports since 2014, when the index was 0.36, most landlocked developing countries record high indices, showing very little diversification, low value addition and low technology content of their exports. This situation also demonstrates that the countries are not well integrated into the global and regional value chains. Such integration is important, as it serves as a conduit for industrial transformation.

46. Trade facilitation is one of the key factors affecting the integration of the landlocked developing countries into global trade and the international value chains. The entry into force in February 2017 of the WTO Trade Facilitation Agreement is an important milestone in the global trading system, as it is expected to address trade costs and lead to further integration and increased trade.

47. The Trade Facilitation Agreement contains a range of measures to expedite the movement, release and clearance of goods, including goods in transit. The aspects relevant for the landlocked developing countries include the publication and availability of information, freedom of transit, expedited shipments, the establishment of a "single window", authorized operators and border agency cooperation on the alignment of working days and hours, the alignment of procedures and formalities, joint controls, the sharing of common facilities and the establishment of one-stop border post control. In addition, the measures impose obligations on WTO members to increase transparency, to implement streamlined and modernized border procedures and control techniques and to improve governance through discipline on rules and decision-making processes. The Agreement also allows developing countries to designate certain provisions as requiring the acquisition of implementation capacity through technical assistance and capacity-building. Assistance in trade facilitation is already being provided by regional and multilateral agencies, bilateral donors and other stakeholders, including through the WTO Trade Facilitation Agreement Facility.

48. Some of the economic performance benefits that can be expected from the implementation of the Agreement include a reduction in trade costs estimated at 15.4 per cent on average. The Agreement is also expected to help developing countries in some areas that are crucial for their sustainable development, such as export diversification, participation in global value chains and improved ability to attract investment.

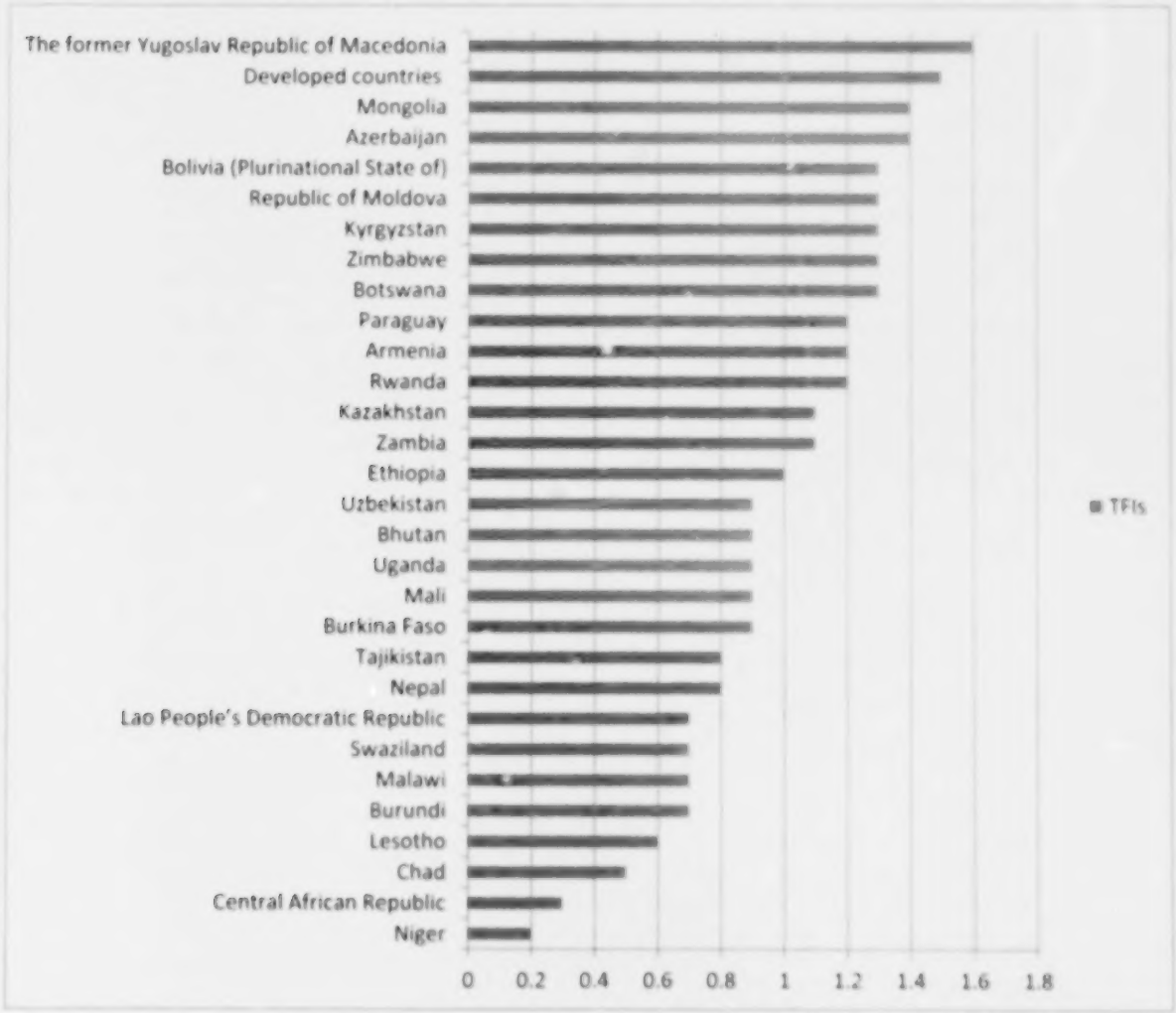
49. As part of the process of implementing the Trade Facilitation Agreement, developing country members have been submitting notifications of their category A commitments, or those measures that are already being implemented. So far, WTO has received 96 notifications of category A commitments, including 18 from landlocked developing countries.

50. As a group, the landlocked developing countries had identified about 23 per cent of the measures as category A commitments. Only three identified their category B provisions, which are measures that members will implement after a

transitional period following the entry into force of the Agreement, and only three had indicated their category C provisions, which the member will implement after a transitional period following the entry into force of the Agreement and for which the member requires assistance and capacity-building support.

51. The Organization for Economic Cooperation and Development (OECD) trade facilitation indicators simulator clearly shows that trade facilitation performance remains low for the most part. In over half of the countries, overall trade facilitation performance was below 1 (see figure IV). Compared with other groups of countries, the landlocked developing countries' average was 0.97, against 1.1 for developing countries as a whole and 1.5 for developed countries. The trade facilitation indicators are valued between 0 and 2, where 2 designates the best performance that can be achieved by a country.

Figure IV
Trade facilitation performance indicators for landlocked developing countries



Source: OECD.

52. While all of the provisions are critical for the successful implementation of the Trade Facilitation Agreement, there are some that have been found to have the potential to have a greater impact on facilitating trade in landlocked developing countries. OECD identified those as transit, automation and information availability. Out of the 30 transit countries that are members of WTO, only 7 are fully implementing article 11 on transit, only 7 are fully implementing article 1 on publication and availability of information and only 6 have implemented the single window.

53. To further facilitate transit, the landlocked developing countries need to implement such initiatives as the TIR carnet, electronic single-window systems and one-stop border posts, among others.

Priority 4: regional integration and cooperation

54. For the landlocked developing countries, regional integration and cooperation, particularly close cooperation with their transit neighbours, is crucial for their growth and development. It is vital to improving cross-border infrastructure and ensuring harmonized trade and transit policies, thereby leading to smoother, cheaper and more efficient cross-border trade, building trade capacity and expanding markets.

55. Landlocked developing countries are actively participating in bilateral and plurilateral regional trade agreements. According to notifications to WTO of physical regional trade agreements, those countries are party to, on average, 3.7 regional trade agreements, with the numbers ranging from 0 to 9 among the countries. Overall, the extent to which they trade with their neighbours varies across the regions. The share of Asian landlocked developing countries' exports whose destinations were within the region was 77.5 per cent in 2015, reflecting limited export destinations. In contrast, the intraregional export share for landlocked developing countries was 28.3 per cent in Africa and 49.1 per cent in Latin America. The intraregional export share of the four such countries in Europe was 53.2 per cent, but amounted to 67.5 per cent when the Russian Federation, one of their important trading partners, was included.

56. In Africa, the regional integration agenda is manifested in a number of key continental strategic documents, including the African Union's Agenda 2063. All landlocked developing countries are part of one or more regional economic communities, which drive the implementation of regional integration activities. A major regional integration effort in the region is the ongoing negotiations on the establishment of the Continental Free Trade Area, which is expected to considerably enhance intra-African trade, as well as supporting the industrial development and diversification of African economies.

57. In the Euro-Asia region, landlocked developing countries engage mainly in regional trade blocs and bilateral and multilateral free trade agreements with neighbouring countries. In recent years, integration and cooperation efforts materialized in terms of creating new mechanisms, including the ASEAN Economic Community, established in December 2015, and the Eurasian Economic Union, established in January 2015, and enhancing existing initiatives, such as the South Asian Free Trade Area agreement, the South Asian Association for Regional Cooperation and the Economic Cooperation Organization. Sectoral and subregional agreements have contributed to facilitating the transport of goods in transit, harmonizing and simplifying regulations, requirements and customs procedures and establishing integrated, efficient transit transport systems, including, for example, in the framework of ASEAN, the Greater Mekong Subregion, the Economic Cooperation Organization and the Shanghai Cooperation Organization. In 2016,

India and Nepal signed agreements on road connectivity and transit, and the Russian Federation, China and Mongolia signed a trilateral economic partnership agreement incorporating more than 30 projects to build an economic corridor between the countries.

58. In terms of regional integration in Latin America, the Plurinational State of Bolivia is a member of the Andean Community and Paraguay is a member of the Southern Common Market (MERCOSUR). Both are members of the Latin American Integration Association and the Union of South American Nations, an intergovernmental organization that integrates the regional agreements of MERCOSUR and the Andean Community. Within MERCOSUR, for example, efforts are ongoing to harmonize customs declarations data and employ regional customs risk management.

59. Joint regional efforts to develop efficient transit systems, including corridors, are crucial to ensuring freedom of transit and enhancing connectivity and integration into regional and global trading networks. Several landlocked developing countries in Africa are already connected to corridor networks and are participating in the respective corridor management organizations in the region, including the Northern Corridor, the Central Corridor, the Maputo Corridor, the North-South Corridor, the Walvis Bay Corridor Group, the Lomé-Ouagadougou Corridor and others. Transit along the corridors is typically governed by respective corridor transit agreements. The African Corridor Management Alliance was established to enhance cooperation and coordination and promote information-sharing among corridor management institutions in Africa.

60. In the Euro-Asia region, corridor networks such as the Asian Highway Network, the trans-Asian railway network, the Central Asia Regional Economic Cooperation programme, the Transport Corridor Europe-Caucasus-Asia programme, the Black Sea Economic Cooperation Organization and the Euro-Asian Transport Links project corridors connect landlocked developing countries to markets in the region and beyond. Countries are also looking to establish new transit routes, as for example with the Belt and Road Initiative. In Latin America, both the Plurinational State of Bolivia and Paraguay have a number of corridor networks that connect them to regional transit networks.

61. Efforts to establish regional single-window systems connecting national single windows have been continuing in many of the trading blocs that integrate landlocked developing countries. The Economic Community of West African States and ASEAN are among some of the leaders of this type of initiative, while the Central Asia Regional Economic Cooperation countries agreed to develop regional operability of their national single-window systems during the 2016-2020 period.

Priority 5: structural economic transformation

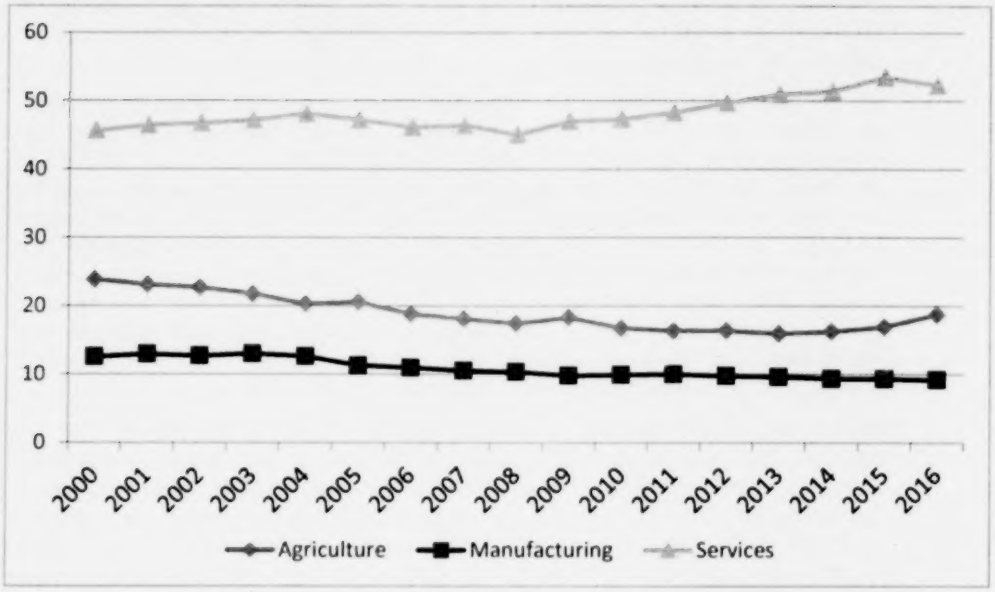
62. Structural economic transformation can be defined as the relocation of resources from low- to high-productivity sectors, often involving industrial development. Historically, as countries transform structurally, the demand for manufactured products rises, the share of employment in agriculture declines, and employment in industry or urban-based services rises, accompanied by productivity increases. As services become more prevalent with rising incomes, the share of manufacturing and agriculture tends to fall, while the share of the services sector rises, sustaining economic growth.

63. Between 2003 and 2013, the share of manufacturing value added in GDP was, on average, 10.7 per cent in the landlocked developing countries, declining to 9.3 per cent in 2014-2016. The share of agriculture value added in GDP also declined in the majority of landlocked developing countries, while the share of

services value added in GDP increased significantly (see figure V). This indicates that the countries are experiencing premature deindustrialization. Their share of manufacturing seems to peak at an earlier stage in their development than is the case in advanced economies, removing the main channel through which productivity benefits and rapid growth have taken place in the past.

Figure V

Value added share by sector of economic activity in landlocked developing countries, 2000-2016 (percentage of GDP)



Source: World Bank.

64. According to the Competitive Industrial Performance Index of the United Nations Industrial Development Organization (UNIDO), which indicates a country's overall level of industrial performance, 12 landlocked developing countries ranked in the bottom fifth of the rankings in 2014. Their limited level of industrialization can also be observed in the low share of employment in industry, which the International Labour Organization estimates to be 11 per cent, as compared to 21 per cent in developing countries overall.

65. The deindustrialization phenomenon can also be reflected in the declining share of manufacturing goods in total merchandise exports. The share fell from 21 per cent in 2000 to 14.6 per cent in 2015. Since 2010, however, almost half of the landlocked developing countries have experienced an increase in their share of manufactured exports. At the same time, while the share of primary commodities, precious stones and non-monetary gold has fallen in recent years, an average of 84.1 per cent in 2015 still confirms the countries' high dependence on primary commodities. In comparison, primary commodities account for about 30 per cent of world exports.

66. An enabling environment for business is crucial for a country's ability to develop an industrial base. Data from the World Bank's Doing Business database indicate that a majority of landlocked developing countries have shown improvements in the private sector regulatory environment, pointing to improved economies. Between 2009 and 2013, all of the landlocked developing countries

experienced improvements in their regulatory environment, but since 2013 10 have experienced setbacks in their regulatory reform efforts. Furthermore, the World Economic Forum's Global Competitiveness Index, which assesses the competitiveness landscape across countries, ranked 5 landlocked developing countries in the top half of the countries examined in 2016-2017, while 12 ranked in the lowest quarter.

67. In order to foster structural economic transformation, landlocked developing countries should strive to shift productive resources towards higher value added and high-productivity sectors. This requires the use of modern technology and technologically sophisticated production. The high-technology content of manufactured exports from those countries is still low, specifically below 10 per cent of manufactured exports in 16 of the 20 countries where data are available. In contrast, this share amounts to 19 per cent in high- and middle-income countries. In countries where agriculture accounts for a large proportion of employment and is a major contributor to GDP, efforts should be made to raise agricultural productivity and industrialize agriculture.

68. The services sector, such as sustainable tourism, presents another opportunity for the diversification of economies. In 2015, landlocked developing countries recorded 32 million international tourist arrivals, up from 14 million in 2005, increasing their share of the global market from 1.7 to 2.7 per cent.

69. Several landlocked developing countries have made efforts to diversify and transform their economies. For example, Uzbekistan attempts to follow import-substitution industrialization focused initially on labour-intensive industries, with a gradual increase in technology intensity. Kazakhstan is currently focusing its development efforts on transport services, energy efficiency and agriculture. In its sustainable development plan, Mongolia targets agriculture, tourism, energy and industrial materials processing. The key objective of the national development plan of Ethiopia is bringing about a structural change in the economy by broadening the industrial base, supporting small and medium-sized enterprises, increasing productivity and strengthening linkages among industries. Botswana is undertaking reforms to promote the development of services, industry, tourism and agriculture.

70. Economic and development challenges can be addressed more effectively with the participation of business. While the value of domestic credit provided to the private sector increased from an average of 26.6 per cent of GDP in the period from 2003 to 2013 to 33.4 per cent in 2014-2015, landlocked developing countries still lag greatly behind other developing countries in this regard. Since public sector funds are limited, the role of the private sector, in particular small and medium-sized enterprises, needs to be enhanced and supported.

Priority 6: means of implementation

71. While the Vienna Programme of Action recognizes that the development of any country is the primary responsibility of that country itself, it underscores the importance of strengthened and expanded partnerships between landlocked developing countries, their transit neighbours, their development partners and other stakeholders for the successful implementation of the Programme of Action.

72. In 2015, landlocked developing countries received $24.82 billion, amounting to 16 per cent of total ODA flows to developing countries, decreasing from $26.13 billion in 2014. ODA remains the main source of external financing for many of those countries, accounting for more than 10 per cent of GNI in eight of them. In three countries, it accounts for more than 20 per cent of GNI, while their foreign direct investment (FDI) inflows in 2015 were negligible. The external debt stock of landlocked developing countries increased to 50.3 per cent of GNI in 2015, from 43.9 in 2014, after a period of significant decline. Their total debt service as a

percentage of goods, services and income also increased, to 29.3 per cent in 2015 from 19.2 per cent in 2014. As at 1 June 2017, two landlocked developing countries were in debt distress and six were at high risk of debt distress.

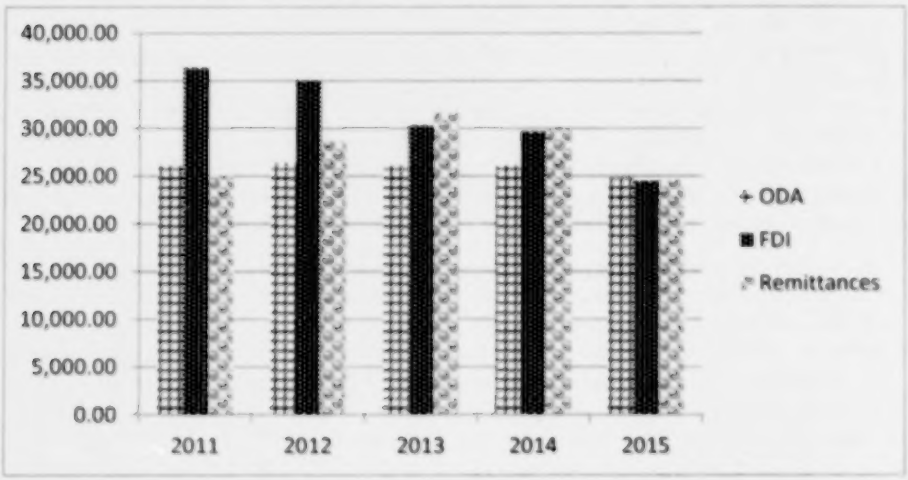
73. In 2015, landlocked developing countries received $24.5 billion in FDI, accounting for 1.4 per cent of total global FDI inflows. The decline of FDI inflows, which started in 2012, continued for the fourth consecutive year. In 2015, FDI fell dramatically, by 18 per cent, from $29.7 billion. About half of the countries received less than 1 per cent of total FDI flowing to the group in 2015, while three accounted for more than 50 per cent of the group's total. According to the United Nations Conference on Trade and Development (UNCTAD), several Asian and African landlocked developing countries received significant FDI inflows in the manufacturing and services sectors, mainly in the construction and banking industries. Extractive industries still account for the largest share of FDI, however.

74. The decline of remittance flows to landlocked developing countries in 2014 continued in 2015, decreasing from $29.92 billion to $24.67 billion.

75. Figure VI shows the inflow of ODA, FDI and remittances to landlocked developing countries between 2011 and 2015.

Figure VI

Official development assistance, foreign direct investment and remittances to landlocked developing countries, 2011-2015 (millions of United States dollars)



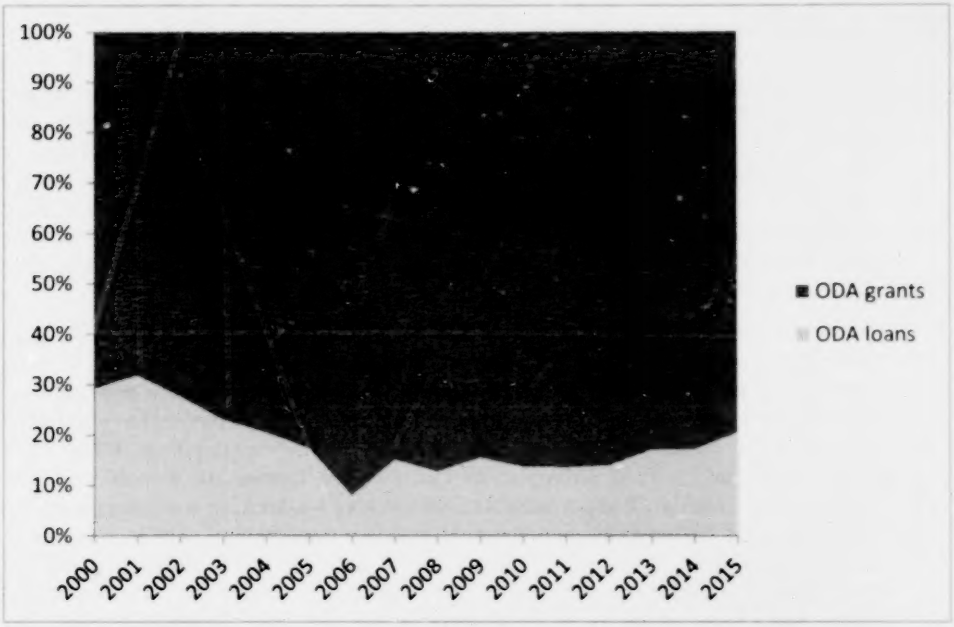
Source: The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, based on data from OECD, UNCTAD and the World Bank.

76. According to OECD, total external flows (including financing from members of the Development Assistance Committee and multilateral organizations only) to landlocked developing countries were estimated to reach about $50.4 billion in 2015. Compared to other developing countries, landlocked developing countries have limited capacity to mobilize external flows beyond concessional finance. In comparison with other developing countries, remittances represent a small proportion of external resource flows. Thus, concessional official flows remain critical, representing 54 per cent of total external flows received in 2015.

77. In 2015, more than 80 per cent of concessional flows from bilateral and multilateral actors reached landlocked developing countries in the form of grants, while the remainder was provided as concessional loans (see figure VII).

Figure VII

Bilateral and multilateral official development assistance loans and grants to landlocked developing countries, 2000-2015



78. In 2015, the top 10 providers of concessional finance to landlocked developing countries accounted for 72 per cent of the total envelope, with the United States of America, the International Development Association and the European Union representing 43 per cent of the total. Afghanistan, Ethiopia and South Sudan received the bulk of the funding.

79. While investment in infrastructure remains a priority, social sectors still lead the sectoral allocation of both concessional and non-concessional flows. Social sectors (health, education, government and civil society and other) received the largest share of concessional finance directed to landlocked developing countries, with 55 per cent of total sector allocable aid in 2015, followed by infrastructure, with 22 per cent (water, transport and storage, energy, and communications). Prioritization of the infrastructure sector is slightly lower than in other developing countries, where infrastructure represents 25 per cent of concessional flows.

80. According to OECD, non-concessional funding provided an additional $1.4 billion for infrastructure in 2015. The breakdown of non-concessional official flows by sector shows that while the social sectors received a smaller share of non-concessional compared to ODA flows (30 per cent), they remained the recipient of the largest amount of non-concessional flows in 2015, followed by infrastructure (28 per cent) and productive sectors (22 per cent, for industry, mining and agriculture).

81. Preliminary findings of the 2016 OECD Development Assistance Committee survey on amounts mobilized from the private sector by official development finance interventions point to an estimated additional $6.5 billion in private resources flowing to landlocked developing countries in the period from 2012 to 2015 ($1.6 billion on average per year). The survey also suggests that the main leveraging instruments in this sector were guarantees ($2.9 billion), followed by syndicated loans ($2.3 billion). The major sectors receiving these flows were mining

and construction (41 per cent), followed by banking and business (27 per cent), industry (12 per cent) and infrastructure (11 per cent).

IV. Follow-up and review

82. The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States is mandated to mobilize and coordinate international support and resources for the effective implementation of the Vienna Programme of Action; ensure coordinated follow-up to and effective monitoring and reporting on the Programme; advocate and raise awareness with respect to the landlocked developing countries; and foster coherence with the follow-up to and implementation of the 2030 Agenda for Sustainable Development.

83. The Office has been undertaking advocacy efforts to encourage the landlocked developing countries to mainstream the Vienna Programme of Action in their national development strategies. Seven countries that have adopted a new national development strategy since the adoption of the Programme of Action have reflected at least four of its six priority areas in their policy development frameworks (Botswana, Burkina Faso, Ethiopia, the Lao People's Democratic Republic, Nepal, Uganda and Zambia). Bhutan indicated that it was working on mainstreaming the Programme of Action in its new national development strategy, which is currently under preparation. Armenia recently adopted a national strategy for the implementation and mainstreaming of the Programme of Action for the period 2016-2024. The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States supported Botswana and Mongolia in undertaking national-level consultations on mainstreaming the Programme of Action.

84. The Office also worked with the Economic Commission for Africa (ECA), the Economic and Social Commission for Asia and the Pacific (ESCAP) and ECLAC, which facilitated the adoption of resolutions on mainstreaming the Vienna Programme of Action at the national level and in the work of the regional commissions during their annual sessions in 2015 and 2016. UNCTAD, the International Trade Centre (ITC) and the Economic Commission for Europe (ECE) have programmes focused specifically on landlocked developing countries.

85. During the reporting period, the Office organized the following meetings: in 2016, the High-level Meeting on Sustainable Transport of Landlocked Developing Countries, in collaboration with the Plurinational State of Bolivia and the Department of Economic and Social Affairs of the Secretariat, and the high-level seminar entitled "Accelerating Sustainable Energy for All in Landlocked Developing Countries through Innovative Partnerships", in collaboration with Austria, UNIDO and the Sustainable Energy for All initiative; in 2017, the High-level Meeting for the Euro-Asia Region on Improving Cooperation on Transit, Trade Facilitation and the 2030 Agenda for Sustainable Development, in collaboration with Viet Nam, the World Customs Organization (WCO) and the International Road Transport Union; and side events with partners during the Global Conference on Sustainable Transport, the Ocean Conference, the high-level political forum on sustainable development and the forum on financing for development follow-up.

86. The Office also organized inter-agency consultative meetings to foster better coordination in the follow-up to and implementation of the Vienna Programme of Action. The Office and the Bureau of the Group of Landlocked Developing Countries held joint consultations with the World Bank aimed at facilitating a continuous dialogue on the special needs of the countries and World Bank support.

The Office helped to facilitate the participation of the countries in thematic sessions focused on the countries in special situations in the high-level political forum and the Global Infrastructure Forum.

87. The Department of Economic and Social Affairs organized the Global Conference on Sustainable Transport, held in Ashgabat in November 2016. The outcome of the Conference, the Ashgabat Statement on Commitments and Policy Recommendations, notes the importance of addressing the special needs of landlocked developing countries. At the Economic and Social Council Partnership Forum held in April 2017, the Council explored the main challenges to infrastructure development in countries in special situations, including landlocked developing countries, and the potential of public-private partnerships for infrastructure development.

88. ECE supported five landlocked countries that are members of the Special Programme for the Economies of Central Asia by strengthening their capacity to implement trade facilitation and electronic business. ECE and the United Nations Centre for Trade Facilitation and Electronic Business organized a capacity-building training event in 2016 on key measures in the WTO Trade Facilitation Agreement. ECE and WTO co-organized a regional Trade Policy Forum for the members of the Special Programme for the Economies of Central Asia in Ashgabat in 2016.

89. ESCAP organized the Ministerial Conference on Transport in Moscow in 2016, during which the Regional Action Programme for Sustainable Transport Connectivity was adopted. ESCAP also undertook capacity-building training for landlocked developing countries on trade policy formulation and analysis. ECLAC is undertaking analytical work on public and private spending on transport and energy infrastructure in the landlocked developing and transit countries as part of the ECLAC/IDB/Development Bank of Latin America joint online database on infrastructure investment. ECA is undertaking analytical work on assessing regional integration in Africa and providing support to member States on the negotiations on the Continental Free Trade Area.

90. ITC assisted policymakers in eight landlocked developing countries in 2015-2016 to categorize and prioritize trade facilitation measures, taking into account the private sector perspective and the interests of small and medium-sized enterprises. In 2016, UNCTAD launched a capacity-building training programme, the Empowerment Programme, for national trade facilitation committee members, which will be implemented in six landlocked developing countries. In January 2017, UNCTAD, in collaboration with other partners, organized the first International Forum for National Trade Facilitation Committees in Geneva.

91. The United Nations Framework Convention on Climate Change secretariat continued to support the landlocked developing countries in their efforts to address the impacts of climate change. The secretariat of the United Nations Convention to Combat Desertification is supporting the countries through the land degradation neutrality target-setting programme to implement Sustainable Development Goal 15. The Food and Agriculture Organization of the United Nations (FAO) continued to support efforts to increase the productivity of crops, livestock and fisheries and to strengthen food and nutritional security. FAO also supports the landlocked developing countries in multilateral and other trade-related negotiations.

92. The United Nations Development Programme provided support to Kazakhstan and Tajikistan for mainstreaming of the implementation of the Sustainable Development Goals. UNIDO continued to provide technical assistance to landlocked developing countries, including through its country programmes and programmes for country partnership. To advocate for structural transformation in Africa, which is home to half of the landlocked developing countries, the Office of

the Special Adviser on Africa co-organized, with UNIDO and the African Union, a high-level event on the financing of industrialization in Africa.

93. WCO prepared and launched transit guidelines and organized a Global Transit Conference in Brussels in July 2017.

94. The International Think Tank for Landlocked Developing Countries is working under interim management while waiting for the multilateral agreement by which it was established to be ratified by 10 countries, which is required for its entry into force. To date the Think Tank has undertaken analytical work on trade policy issues.

V. Conclusions and recommendations

95. **The United Nations system pledged to mainstream the pursuit of the 2030 Agenda into all of its activities. It is important that the Vienna Programme of Action be integrated in a coherent manner into the processes in follow-up to the 2030 Agenda, including the high-level political forum, and with regard to financing for development and science technology and innovation. The landlocked developing countries should seek to play a more active role in those follow-up processes to ensure that their special needs are fully integrated.**

96. **The landlocked developing countries that have not yet done so are encouraged to mainstream the Vienna Programme of Action into their national strategies in order to ensure the Programme's implementation. They are also encouraged to mainstream the 2030 Agenda into their national development planning and foster coherence in its implementation with the Vienna Programme of Action. International and regional organizations that have not yet done so are encouraged to mainstream the Programme of Action into their work programmes.**

97. **Significant investments are needed to support landlocked developing countries in efforts to combat poverty and hunger and to improve health, education and water and sanitation.**

98. **Landlocked developing and transit countries are encouraged to intensify the sharing of experiences and best practices on successful sustainable development policies, initiatives and solutions to accelerate the achievement of the Sustainable Development Goals and the Vienna Programme of Action and to replicate and scale up best-practice initiatives.**

99. **Landlocked developing and transit countries are encouraged to cooperate and coordinate on fundamental transit policies, laws and regulations and in efforts to enhance freedom of transit. International organizations are encouraged to scale up technical assistance and capacity-building support to foster the effective accession, ratification and implementation of relevant international conventions and regional agreements.**

100. **Landlocked developing and transit countries are encouraged to collaborate to establish secure, reliable, efficient, high-quality, sustainable and resilient infrastructure, including transit transport systems, renewable energy and ICT, with the support of development partners, multilateral financial and development institutions and regional banks.**

101. **Multilateral and regional development banks should support landlocked developing and transit countries in developing bankable, implementable infrastructure and transport projects that are financially viable, environmentally friendly and accepted by the local communities.**

102. **Governments and the private sector are encouraged to work together to launch public-private partnerships to support infrastructure development.**

103. **Landlocked developing and transit countries that are members of WTO should expedite the implementation of the Trade Facilitation Agreement. Development partners are encouraged to scale up provision of technical, financial and capacity-building assistance to landlocked developing and transit countries for the effective implementation of the Agreement.**

104. **Landlocked developing and transit countries should enhance cooperation and regional integration efforts by engaging in regional trade, transit and transport agreements, developing cross-border infrastructure and ensuring harmonized trade and transit policies.**

105. **Landlocked developing and transit countries should consider establishing and strengthening regional coordinating mechanisms, such as regional trade facilitation committees or corridor management committees, to facilitate regional trade and transit.**

106. **In order to enhance structural economic transformation, landlocked developing countries should strive to shift productive resources towards modern higher value added and high-productivity sectors and activities, such as manufacturing, services and technologically sophisticated production, as well as making efforts to industrialize agriculture.**

107. **Landlocked developing countries are encouraged to develop national policies aimed at creating an enabling business and regulatory environment, which is crucial for their ability to develop an industrial base, enhance their competitiveness, attract investment, integrate into global value chains and achieve sustained economic growth.**

108. **Development partners are encouraged to increase ODA to landlocked developing countries.**

109. **Developing countries are encouraged to strengthen South-South cooperation and triangular cooperation for the effective implementation of the Vienna Programme of Action.**

110. **Greater efforts are needed to collect data on a regular basis that can be used to monitor the specific objectives of priority areas 1 and 2 of the Vienna Programme of Action.**

111. **As called for by the General Assembly in its resolution 69/137, the Assembly should consider convening a midterm review of the implementation of the Vienna Programme of Action.**

Annex

Statistical tables

Table 1

Gross domestic product, rate of growth and human development index of the landlocked developing countries

Country	GDP (constant 2005 prices, billions of United States dollars)			GDP growth (annual percentage)	Human development index
	2003	2014	2015	2015	2015
Afghanistan	5.89	13.63	13.30	-2.41	0.479
Armenia	4.15	7.58	7.81	3.02	0.743
Azerbaijan	9.47	30.87	31.08	0.66	0.759
Bhutan	0.72	1.57	1.65	5.21	0.607
Bolivia (Plurinational State of)	8.78	14.89	15.61	4.85	0.674
Botswana	9.25	15.59	15.55	-0.26	0.698
Burkina Faso	4.81	8.95	9.31	4.07	0.402
Burundi	1.06	1.66	1.59	-4.10	0.404
Central African Republic	1.34	1.12	1.17	4.80	0.352
Chad	4.63	13.78	14.69	6.60	0.396
Ethiopia	9.58	30.56	33.50	9.61	0.448
Kazakhstan	47.51	96.03	97.18	1.20	0.794
Kyrgyzstan	2.30	3.72	3.85	3.47	0.664
Lao People's Democratic Republic	2.38	5.40	5.81	7.56	0.586
Lesotho	1.30	2.08	2.14	2.82	0.497
Malawi	3.36	6.21	6.39	2.95	0.476
Mali	6.03	14.28	15.36	7.61	0.442
Mongolia	2.47	6.35	6.50	2.30	0.735
Nepal	7.65	12.32	12.65	2.73	0.558
Niger	3.16	5.59	5.79	3.61	0.353
Paraguay	8.22	13.72	14.14	3.08	0.693
Republic of Moldova	2.59	4.26	4.22	-0.75	0.699
Rwanda	2.20	5.05	5.41	6.95	0.498
South Sudan	..	8.26	8.43	2.03	0.418
Swaziland	2.86	4.19	4.26	1.66	0.541
Tajikistan	1.96	3.99	4.16	4.20	0.627
The former Yugoslav Republic of Macedonia	5.71	8.27	8.59	3.84	0.748
Turkmenistan	11.95	35.98	38.31	6.50	0.692
Uganda	9.58	19.77	20.84	5.38	0.493
Uzbekistan	12.49	29.70	31.72	6.80	0.701
Zambia	7.26	15.87	16.32	2.87	0.579
Zimbabwe	6.73	12.85	12.99	1.07	0.516
Average	**6.69**	**14.19**	**14.70**	**3.58**	**0.571**

Source: The Statistics Division, Department of Economic and Social Affairs, United Nations Secretariat, the United Nations Development Programme and the World Bank.

Table 2

International trade, merchandise exports and imports of the landlocked developing countries

Country	*Total exports (millions of United States dollars, 2016)*	*Total imports (millions of United States dollars, 2016)*	*Trade (percentage of GDP, 2015)*	*Share of exports in global exports (percentage, 2016)*	*Export concentration index (2015)*	*Percentage of exports whose destinations were within the region (2015)*
Afghanistan	520	9 150	57.0	0.003	0.27	91.9
Armenia	1 783	3 293	71.8	0.011	0.25	29.9
Azerbaijan	10 900	9 200	72.6	0.068	0.82	38.9
Bhutan	470	1 030	92.9	0.003	0.39	84.9
Bolivia (Plurinational State of)	6 969	8 374	67.8	0.044	0.44	45.7
Botswana	7 365	6 120	105.9	0 046	0.80	74.9
Burkina Faso	2 400	3 171	65.4	0.015	0.65	24.7
Burundi	120	755	35.8	0.001	0.44	28.3
Central African Republic	93	382	47.2	0.001	0.35	29.0
Chad	1 600	2 200	67.2	0.010	0.88	20.0
Ethiopia	4 612	16 588	37.2	0.029	0.31	2.8
Kazakhstan	36 776	25 175	53.1	0.230	0.66	64.9
Kyrgyzstan	1 545	3 919	108.4	0.010	0.32	84.0
Lao People's Democratic Republic	3 020	4 720	87.0	0.019	0.27	96.8
Lesotho	911	1 827	..	0.006	0.30	81.6
Malawi	1 017	2 425	64.8	0.006	0.51	39.1
Mali	2 538	3 509	52.1	0.016	0.66	2.2
Mongolia	4 917	3 358	90.4	0.031	0.50	88.5
Nepal	740	9 650	53.3	0.005	0.14	73.8
Niger	1 050	1 650	56.6	0.007	0.42	23.4
Paraguay	8 494	9 753	84.5	0 053	0.32	53.2
Republic of Moldova	2 045	4 020	117.5	0.013	0.17	73.0
Rwanda	744	2 293	45.3	0.005	0.30	57.3
South Sudan	..	..	67.4	..	..	..
Swaziland	1 433	1 337		0.009	0.24	91.3
Tajikistan	900	3 100	52.8	0.006	0.51	66.3
The former Yugoslav Republic of Macedonia	4 787	6 757	113.3	0.030	0.21	91.0
Turkmenistan	11 000	7 000		0.069	0.75	94.3
Uganda	2 543	5 099	46.5	0.016	0.18	58.0
Uzbekistan	10 000	11 500	42.8	0.063	0.26	62.5
Zambia	5 801	7 045	84.3	0.036	0.65	24.1
Zimbabwe	2 832	3 700	75.6	0.018	0.36	91.7
Total/average	**139 925**	**178 101**	**69.5**	**0.877**	**0.28**	**54.3**

Source: The United Nations Conference on Trade and Development, the World Bank and the International Trade Centre.

United Nations A/72/273

General Assembly

Distr.: General
2 August 2017

Original: English

Seventy-second session
Item 73 (a) of the provisional agenda*
Promotion and protection of human rights: implementation of human rights instruments

Special Fund established by the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment

Note by the Secretariat

1. In its resolution 70/146, the General Assembly encouraged contributions to the Special Fund established by the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and requested the Secretary-General to submit a report on the operations of the Fund at the seventy-second session.

2. The Secretariat has the honour to refer the General Assembly to the report of the Secretary-General on the subject to the Human Rights Council (A/HRC/34/16).

* A/72/150.

17-13234 (E) 040817

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United Nations A/72/274

General Assembly

Distr.: General
2 August 2017

Original: English

Seventy-second session
Item 18 (a) of the provisional agenda*
Macroeconomic policy questions: International trade and development

International trade and development

Report of the Secretary-General

Summary

The prolonged post-crisis decline in world trade relative to gross domestic product has been a cause for serious concern. It not only directly affects the development prospects of many countries across the globe, but has also been accompanied by growing questions about openness in terms of trade, immigration and globalization as a whole.

The present report highlights the latest trends in trade, trade policy and the trading system, with a particular focus on addressing the causes of resentment towards trade, on measures for policymakers to ensure that gains from trade are more widely spread and on how the international trading system can respond to these challenges and help to achieve the Sustainable Development Goals of the 2030 Agenda for Sustainable Development. The present report has been prepared by the United Nations Conference on Trade and Development, pursuant to paragraph 29 of General Assembly resolution 71/214.

* A/72/150

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I. Introduction

1. In 2015, the global community, under the aegis of the United Nations, adopted the 2030 Agenda for Sustainable Development, which included actions to create an environment conducive for global trade to flourish. This agenda should be taken up as the basis for the construction of future trade policy. Current global economic uncertainties and the need for more inclusive and sustainable development strategies require stronger policy commitments at the national and international levels. This raises key concerns regarding whether existing international trade rules and agreements are adequate for this purpose or must be enhanced. As progress on the sustainable development agenda cannot be delayed, it is important that the trading system improves not only on delivery in terms of economic growth but also on inclusive and sustainable growth, poverty reduction and welfare enhancement.

II. Trends in trade

2. The period 2015-2016 defines an inflexion point in the recent history of world trade towards a "new normal" for the international economy, yet this new normal remains to be defined. After the hyper-globalization of the 1990s and early 2000s, in 2008 and 2009 the world economy suffered one of its harshest recessions in history. Despite quickly rebounding in 2010, the world economy started losing steam thereafter, and hopes for a return to pre-crisis trends were dashed. The price of commodities and, to a lesser extent, manufactured goods declined, causing the nominal value of trade to contract substantially. The volume of trade itself was affected and, for the first time in 15 years, real trade growth dipped below the growth of world gross domestic product (GDP).[1] The present chapter presents the latest trade statistics and highlights the causes of these trends.

A. Driving forces, global trends and regional diversities

3. It is widely recognized that trade is influenced, in the long term, by structural factors such as comparative advantages. In the short term, nevertheless, the main drivers of trade are demand for imports and changes in trade policies. This section reviews the main changes in the effective demand for imports, which has been recently constrained by factors that affect regions differently. Table 1 shows the regional deterioration of demand drivers, after the strong growth rates recorded in 2011 and towards widespread contractions across 2015 and 2016.

[1] See also United Nations Conference on Trade and Development, "Key statistics and trends in international trade 2016: a bad year for world trade?", 2016. Available from: http://unctad.org/en/PublicationsLibrary/ditctab2016d3_en.pdf.

Table 1
Import demand for merchandises by region, 2011-2016

(percentages and annual growth rates based on nominal quarterly values)

	Weight	*Growth rates*					
	2010	*2011*	*2012*	*2013*	*2014*	*2015*	*2016[a]*
World[b, c]	100	19.5	0.9	1.6	0.6	-12.4	-3.3
North America	17	15.4	3.3	0.1	3.3	-4.4	-2.9
South and Central America	4	23.9	3.1	2.9	-3.3	-16.2	-15.2
Europe[d]	38	17.7	-4.3	1.5	1.1	-13.2	0.2
Commonwealth of Independent States	3	31.4	5.8	0.7	-11.1	-33.5	-4.4
Africa	2	21.5	3.7	1.0	2.2	-13.6	-9.9
Middle East	2	14.7	7.1	2.4	2.4	-7.1	-9.7
Asia[c]	32	22.8	4.2	2.0	-0.4	-13.9	-4.9
Developed Asia	6	22.6	4.6	-6.1	-2.0	-18.2	-6.1
Developing Asia	26	22.8	4.2	3.9	-0.1	-13.0	-4.7
China	9	25.2	4.4	7.2	0.5	-14.3	-5.9
Other developing Asia	17	21.6	4.0	2.1	-0.4	-12.2	-4.0

Source: UNCTAD/World Trade Organization "Quarterly world merchandise imports by region and selected economies" database.

[a] Preliminary estimates.

[b] Includes an adjustment for underrecorded intra-European Union imports.

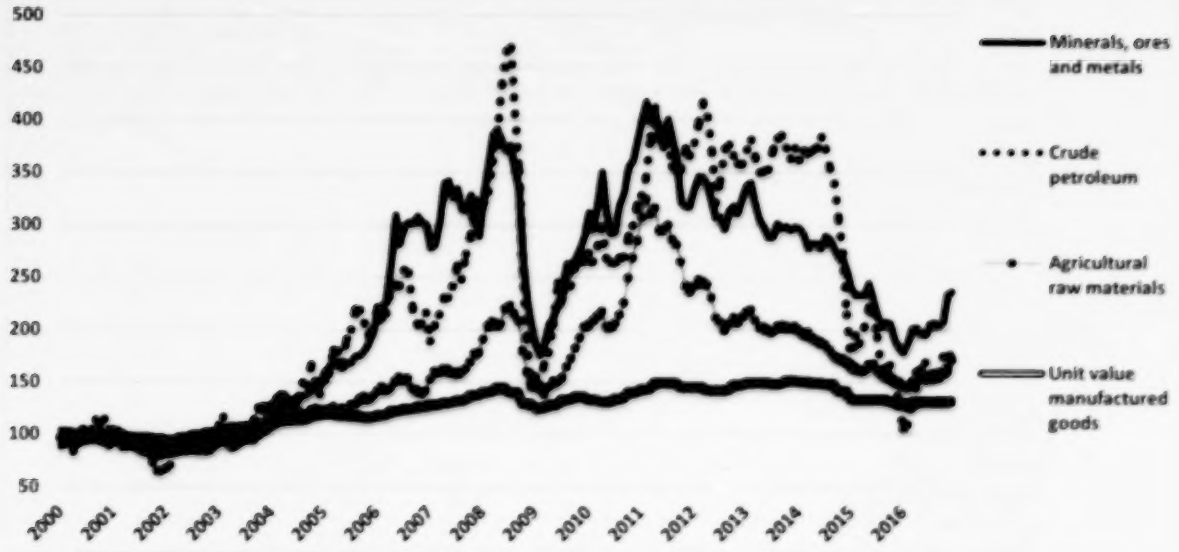
[c] Includes significant imports for re-exports.

4. These trends, especially in developing countries, can be explained by large swings in international commodity prices affecting importers' terms of trade. The long period of sustained price growth from 2003 to 2011, called the commodity super-cycle, was briefly interrupted by the 2008-2009 crisis (see figure 1 below). Prices stalled after 2011 and plunged in 2014 and 2015. In 2016, commodity prices stabilized and showed some recovery at years' end, but remained below 2011 values, especially for oil and minerals. At the end of this cycle, the price of commodities relative to manufactures exported by developed countries remains higher than in the early 2000s. Indeed, the price of manufactures was constrained by the rise of low-cost producers, particularly in Asia, and the productivity gains offered by technology and the spread of global value chains.[2] However, the double-digit drop of commodity prices since 2011 has caused major terms-of-trade shocks for commodity-exporting developing countries, in particular energy exporters (see figure 2 below).[3]

[2] United Nations Conference on Trade and Development, "Global value chains and development", 2013, available from: http://unctad.org/en/PublicationsLibrary/diae2013d1_en.pdf.

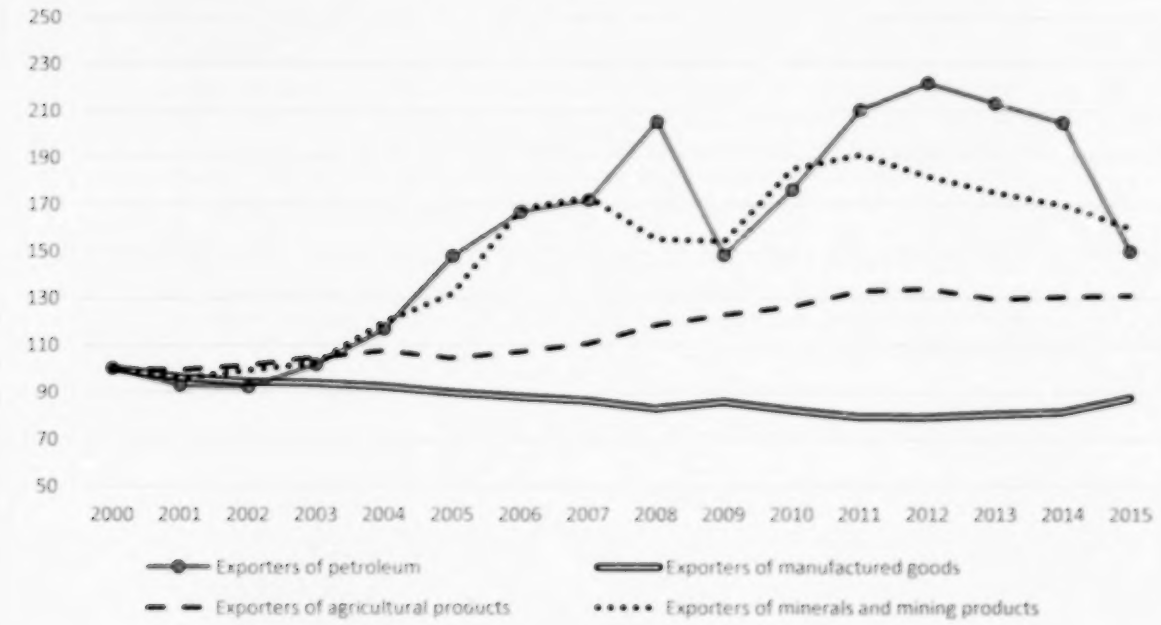
[3] Since 2011, oil exporters experienced a 21 per cent decrease in terms of trade. See World Bank, "Commodity markets outlook", January 2017. Available from http://www.worldbank.org/en/research/commodity-markets.

Figure 1
International commodity price indices, monthly, January 2000 to December 2016



Source: UNCTADStat.
Note: The manufactured goods index is based on unit values of developed countries exports.

Figure 2
Terms of trade indices by selected groups of exporters, 2000-2015



Source: UNCTADStat.

B. A return to unbalanced trade?

5. The effects of the trade slowdown differ across regions. Some countries were able to maintain, or even expand, their exports, while others, in particular commodity exporters, had to cope with a dramatic drop in export revenues. Other economies that were more diversified or specializing in exports of commercial services were less exposed to the global slowdown. As a result, trade balances reacted very differently. Table 2 presents the evolution, in nominal terms, of merchandise trade flows (imports plus exports), which represent approximately 80 per cent of world trade, and trade balances (exports minus imports, as a percentage of total trade).

Table 2
Annual growth rate of merchandise trade and trade balances by region, 2011-2016

(percentages and annual growth rates based on nominal quarterly values)

	Average annual growth rate of trade (imports plus exports, nominal United States dollars)						*Average quarterly net merchandise trade balance (X-M) (X+M)*					
	2011	*2012*	*2013*	*2014*	*2015*	*2016[a]*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016[a]*
World[b]	19.7	0.7	2.0	0.5	-12.8	-3.2	-0.9	-0.7	-0.9	-0.6	-0.7	-1.1
North America[c]	15.9	3.6	1.0	3.2	-6.2	-3.1	-15.2	-14.8	-14.5	-13.6	-13.7	-15.6
South and Central America	26.0	1.1	0.4	-4.8	-18.9	-10.5	0.9	2.6	0.6	-1.9	-3.6	-6.9
Europe	17.8	-3.5	3.1	0.8	-12.9	-0.1	-2.3	-2.1	-1.4	0.2	-0.1	0.4
Commonwealth of Independent States	32.7	3.8	-0.8	-8.4	-32.7	-10.3	16.5	17.5	15.6	14.1	17.0	18.2
Africa	23.2	0.3	-2.7	-1.1	-20.7	-10.6	0.5	1.8	-1.5	-5.4	-8.6	-17.4
Middle East	27.2	4.8	-1.1	-2.0	-21.5	-9.6	29.8	38.6	36.7	33.6	29.4	11.8
Asia[b]	20.4	3.3	2.5	1.0	-10.7	-4.3	1.9	-0.1	-0.9	-0.5	0.9	4.5
Developed Asia	17.2	0.6	-6.9	-2.7	-15.5	-1.8	4.5	-0.2	-4.1	-5.0	-5.8	-2.7
Developing Asia	21.2	4.0	4.6	1.7	-9.7	-4.7	1.3	0.0	-0.2	0.4	2.2	5.8
China	22.9	6.2	7.7	3.0	-8.5	-6.9	5.9	4.1	5.7	6.2	8.6	15.0
Other developing Asia	20.2	2.5	2.7	0.8	-10.8	-3.0	-1.4	-2.5	-4.0	-3.4	-2.2	-0.6

Source: Based on UNCTAD-WTO "Quarterly world merchandise imports by region and selected economies" database.

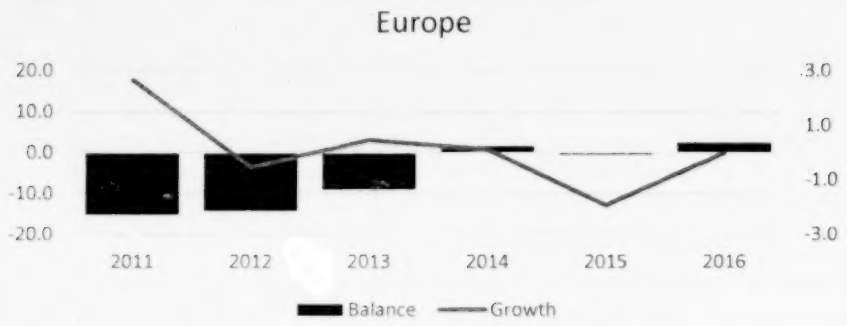
[a] Preliminary estimates.

[b] Includes significant imports for re-exports and intraregional trade.

[c] For trade analysis purpose, it includes the three countries of the North American Free Trade Agreement.

6. Demand for imports from European countries has been weak for several years, affecting intra-European Union trade in particular (see figure 3). The financial difficulties and low growth affecting the Eurozone economies have constrained demand, leading to high unemployment and reduced private spending. Due to weak European Union demand, Germany's exports were redirected to non-European Union trade partners and explain the rebalancing of Europe's trade, which gradually moved from a 2 per cent deficit to a surplus of less than 0.5 per cent, as below.

Figure 3
Merchandise trade and trade balance, Europe, 2011-2015



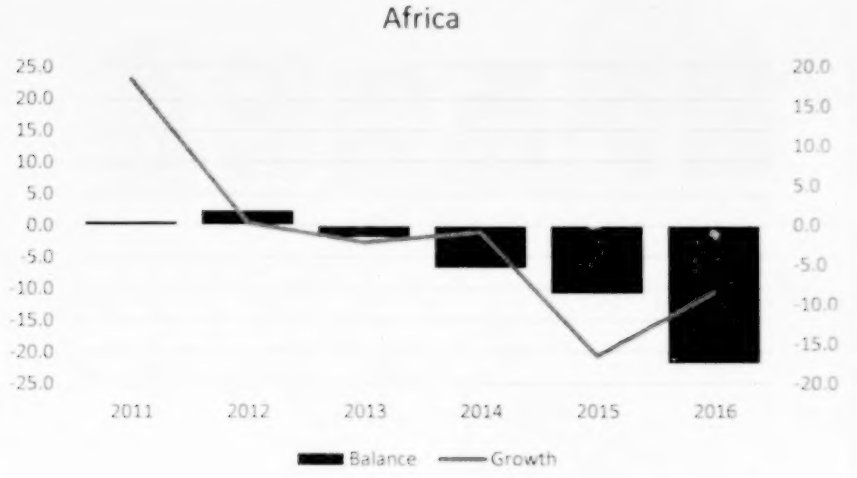
7. A similar but stronger pattern occurred in developing Asia (see figure 4), particular under the influence of China (see table 2 above). The Chinese demand for imports has fallen in nominal terms due to price decreases of imported commodities and longer-term movements of import substitution resulting from the upgrading of the Chinese industrial sector. Additionally, the Republic of Korea experienced a rapid growth in manufacture exports in 2015 while benefiting from low import prices. Despite some large Asian developing countries, such as Indonesia, being affected by falling commodity prices, on average the trade balance surplus of the region went up considerably in 2015 and 2016, reaching about 6 per cent of trade flows.

Figure 4
Merchandise trade and trade balance, developing Asia, 2011-2015

8. The terms of trade shock experienced by commodity exporters has been widespread, encompassing high-income exporters (Gulf countries), large "emerging economies" (such as Brazil and the Russian Federation) and least developed countries (such as Angola). Lower royalties, often the main revenue source for such States, have constrained government spending, leading to recession-like effects on the wider economy.

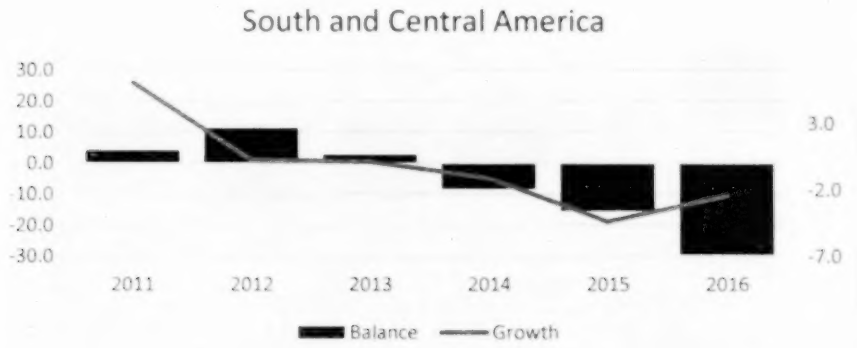
9. Africa was more acutely affected by the terms of trade shock owing to its generally higher dependence on commodity exports (see figure 5). The liquidity constraint on hard currency was felt in particular by the poorest countries. In Angola, the capacity to import was dramatically reduced due to hard currency shortages. Nigeria, the second-largest African economy, entered into recession in 2016, with growth contracting by 1.5 per cent.

Figure 5
Merchandise trade and trade balance, Africa 2011-2015



10. Even for more diversified exporters, the shock was extreme: South America (see figure 6), which had increased its reliance on primary exports during the commodity super-cycle, has been facing recession-like pressures on the external sector, which trickled down to the rest of the domestic economy.

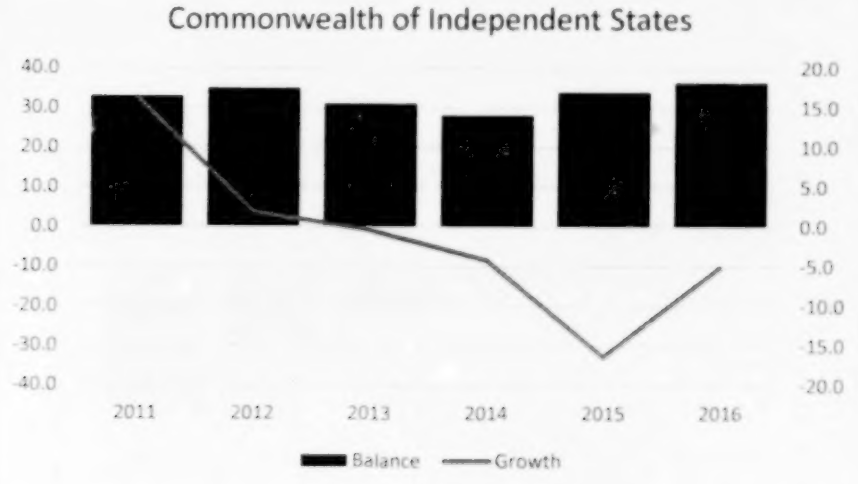
Figure 6
Merchandise trade and trade balance, South and Central America, 2011-2015



11. The case of the Commonwealth of Independent States (CIS) diverges from the other commodity exporters. Despite the decline in commodity prices, the region maintained a large trade surplus: above 15 per cent in 2015 and 2016 (see figure 7). This is owing to the large adjustment in imports observed in 2015 (see table 1

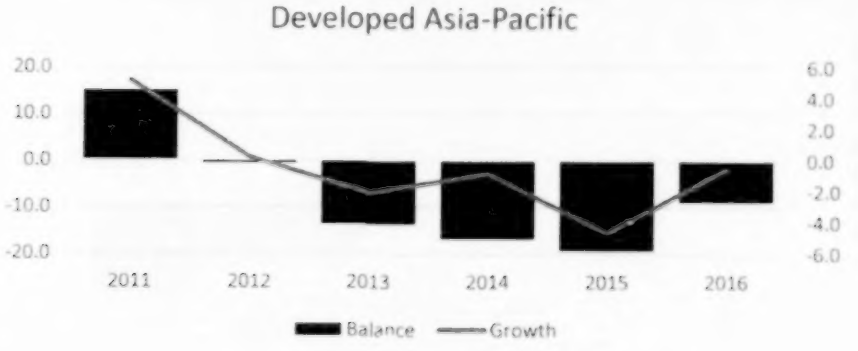
above), which led to a combined drop of exports and imports of 30 per cent, the largest observed across regions. Furthermore, the low commodities prices have yet to induce a higher demand for these products.

Figure 7
Merchandise trade and trade balance, Commonwealth of Independent States, 2011-2015



12. In developed Asia and Pacific (see figure 8), trade recoveries did not materialize into a significant surge of imports, and net merchandise demand emanating from this region decreased in 2016. For example, Japan shifted from a negative to a positive trade balance between 2015 and 2016.

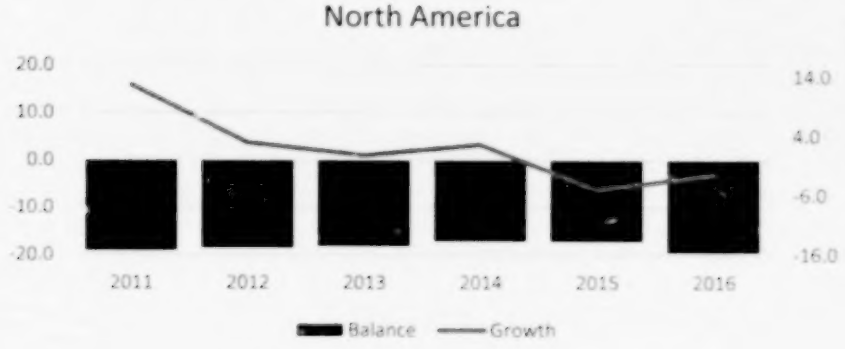
Figure 8
Merchandise trade and trade balance, developed Asia-Pacific countries 2011-2015



13. Indeed, there were few positive demand-side signals from any region in 2015-2016. In North America, the relative trade deficit increased in the context of lower trade. This result reflects two different yet interrelated trends (see figure 9). Even as United States employment grew strongly, demand for imports remained weak during most of 2016, resulting in a 1.6 per cent decrease in the trade deficit of goods. On

the contrary, Canadian and Mexican net imports increased, mainly as a result of lower exports to the United States of America.

Figure 9
Merchandise trade and trade balance, North America 2011-2015



C. Trade in services

14. Trade in commercial services (about 22 per cent of total trade) seems to be less volatile than merchandise trade, but remains correlated due to common exposure to the global business cycle through demand and exchange rate effects. Trade in commercial services suffered a drop of 5 per cent in 2015, remaining relatively stable during 2016. Increasingly, countries seek to capitalize on services economy and trade to support structural transformation to attain inclusive growth and sustainable development.[4] Moreover, the achievement of many sustainable development targets requires universal access to essential and infrastructure services, including health, finance, energy, transport and telecommunications.

Table 3
Trade in commercial services by region, 2011-2016
(percentage change based on nominal values)

	Exports of commercial services						*Imports of commercial services*					
	2011	*2012*	*2013*	*2014*	*2015*	*2016[a]*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016[a]*
World	12.2	2.7	6.6	6.3	-5.5	0.1	11.9	3.6	6.1	7.3	-5.9	0.5
North America	11.2	4.6	6.8	5.5	0.1	0.5	7.9	4.5	2.7	3.6	-0.3	2.2
South and Central America	14.4	5.8	2.4	2	-4.4	-0.1	19.8	6.5	5.9	1.2	-11.8	-4.8
Europe	12.6	0	8.1	7.3	-8.9	-0.3	10.3	-1.1	7.9	7.2	-7.2	1.1
Asia	12.7	5.3	4.7	6.9	-3.2	0.9	14	8.3	4.9	11	-3	2.6
Other regions[b]	8.8	6.5	5	1.4	-3.4	-0.6	15.6	8	6.1	5.2	-11.8	-7.4

Source: Estimates based on UNCTAD-WTO-International Trade Centre quarterly short-term statistics.
[a] Preliminary estimates.
[b] Includes countries from Africa, CIS and the Middle East.

[4] TD/B/C.I/MEM.4/14.

15. Africa, the Middle East and CIS countries had the largest declines (0.6 per cent for exports and 7.4 per cent for imports), deepening the 2015 slump (see "other regions", table 3). Declines in transport, financial services and information technology-related services in the United States of America caused North American exports to contract. The United States surplus in services trade fell by 5.5 per cent owing to lower exports and higher import demand for travel, including tourism and education. Europe's exports stagnated, owing to declining transport, travel and financial services exports, as did those of South and Central America, despite rising travel earnings, the most important services category for the region. In Asia, robust travel and high-tech services growth offset dropping transport receipts, and total commercial services exports rose 1 per cent. Asia also experienced the most rapid rise in services imports, as the region's payments for other commercial services and travel abroad increased. For the fourth consecutive year, Middle Eastern countries recorded the highest exports growth (4 per cent), thanks to the air transport sector, tourism and information technology services.

D. Trade trends in least developed countries

16. Sustainable Development Goal 17, target 11, is aimed at doubling the least developed countries' share in global exports by 2020. However, the trade slowdown registered since 2011 hinders efforts to achieve this target. Least developed countries' merchandise exports decreased by 6 per cent in 2016, declining more rapidly than world exports. The 2015 figures were even grimmer, with such exports dropping by 24 per cent.

17. This performance reflects the dependence of least developed countries on the exports of fuels and mining products, which continued to be hit by low prices and declining demand. Indeed, only least developed countries that were exporters of manufactured goods achieved positive growth in 2016. These comprised mainly Asian least developed countries specializing in textile and apparel, where exports increased by 9 per cent.

18. In 2016, merchandise imports to least developed countries decreased by 3 per cent, following a 10 per cent decline in 2015. This resulted in a record merchandise trade deficit of $83 billion in 2016, compared with $81 billion in 2015. Even oil exporters, the sole least developed countries to regularly register trade surpluses, recorded deficits in 2015 and 2016.

19. The services exports of least developed countries also declined, by 3 per cent in 2015 and 4 per cent in 2016. African least developed countries registered the sharpest decline over 2015 and 2016 (about 5 per cent yearly). Imports of services by least developed countries followed a similar trend, with imports decreasing 6 per cent in 2016, following a 15 per cent drop in 2015.

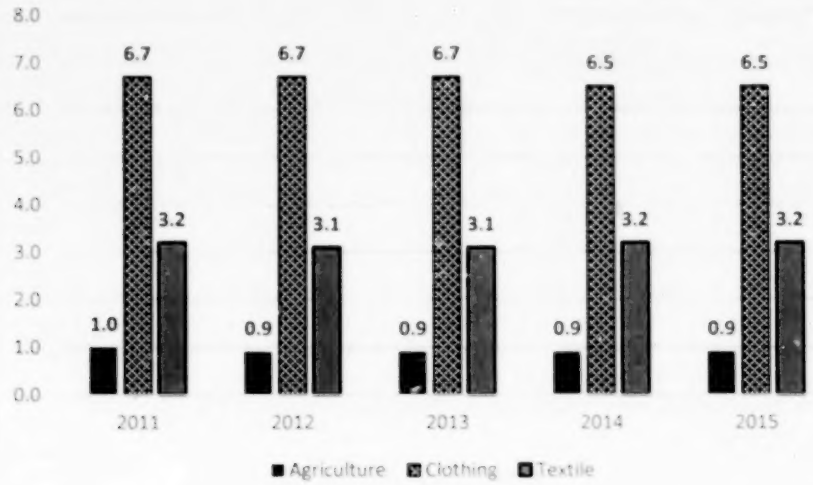
20. As a result, the share of least developed countries in world merchandise exports stood at slightly above 0.9 per cent in 2016. Their share in exports of commercial services was even smaller, at 0.7 per cent. Continued sluggish world trade hinders the ability of the least developed countries to achieve Sustainable Development Goal 17, target 11, and is further compounded by low preferential market access in some key sectors.

21. Sustainable Development Goal 17, target12.1, calls for a timely implementation of duty-free and quota-free market access for all least developed countries. Import tariffs applied by developed countries to products originating in least developed countries have remained stationary, below 2 per cent on average. However, in key sectors such as clothing, the average duty is higher owing to the exclusion of apparel from the United States Generalized System of Preferences

scheme for producers (such as Bangladesh and Cambodia) that register a comparative advantage over other least developed countries.

22. Preferential market access being granted by developed — and some developing — countries is not enough to enable least developed countries to diversify their exports, if not accompanied by national and international efforts to enhance trade capacities and to exploit market access opportunities. Trade and transport facilitation is particularly important when one of the main options for export diversification into manufacture is joining regional and global value chains.[5] Actually, the relatively better export performance by Asian least developed countries since 2011 is due to their diversification through the global textile and apparel value chains.

Figure 10
Average tariffs applied by developed countries to imports from least developed countries



Source: International Trade Centre/UNCTAD/WTO contribution to the report of the Secretary-General on the Sustainable Development Goals, March 2017.
Note: Ad valorem tariffs in percentage.

E. Market access and trade policy

23. Protectionism is often seen as an easy and popular response to recessions at home, even if it usually proves to be misguided. Indeed, to avoid the type of beggar-your-neighbour policies that wrecked the world economy in the early 1930s, the Group of 20 (G-20), at its April 2009 meeting, reaffirmed its commitment to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports.

24. However, trust in an open, multilateral trading system gradually eroded. The WTO Doha Development Round of multilateral trade negotiations stalled with the global 2008-2009 crisis, and the December 2015 WTO ministerial meeting ended

[5] H. Escaith and B. Tamenu, "Surfing on the tide? Least-developed countries trade during the great global transition", *Theoretical and Practical Research in Economic Field*, Vol. V, (summer 2014).

without a reaffirmation to conclude the 14-year-old Round. In March 2017, less than 10 years after their commitment, G-20 finance ministers noted the importance of trade to the global economy, yet omitted language vowing to "resist all forms of protectionism".

1. Regulatory measures and non-tariff measures

25. Non-tariff measures are estimated to be two to four times more restrictive than the tariffs currently applied. In particular, the agricultural exports of low-income countries face ad valorem equivalents of over 20 per cent.[6] Eliminating the distortionary trade effects of non-tariff measures would increase exports by least developed countries to G-20 countries by approximately $23 billion.[7]

26. Available figures send mixed signals on the recent evolution of trade policies. After a peak in 2011 and a rebound in 2015, the frequency of application of restrictive measures[8] stabilized at about 15 new measures per month in 2016 (see figure 11). While this represents a reduction compared to the 2015 peak, few of the previous measures were removed, and the overall stock of non-tariff measures has increased by almost 17 per cent from 2015. Similarly, trade-remedy investigations for 2016 were the highest, while trade-remedy terminations were the lowest since 2009. As a result, the number of ongoing investigations increased. A WTO report on trade measures implemented by the G-20 countries confirms this trend.[9] The number of new trade-restrictive measures implemented by G-20 countries between October 2016 and May 2017 is slightly higher than in 2016, but remains below the longer-term trend observed from 2009-2015. At the same time, the new trade-facilitating measures remain in line with the declining trend observed in 2016.

27. The use of regulatory measures is likely to increase as countries seek to achieve the social and environmental Sustainable Development Goal targets. Transparency, good regulatory practice and regulatory convergence, particularly towards international standards, are needed to avoid undermining the economic pillar of sustainable development and to reduce trade costs.[10]

[6] UNCTAD, "Non-tariff measures to trade: economic and policy issues for developing countries", 2013. Available from: http://unctad.org/en/PublicationsLibrary/ditctab20121_en.pdf.

[7] A. Nicita, and J. Seiermann, "G20 policies and export performance of least-developed countries", 2016. Available from: http://unctad.org/en/PublicationsLibrary/itcdtab77_en.pdf.

[8] Since 2008-2009, the primary WTO monitoring and surveillance mechanism is based on periodic trade policy reviews.

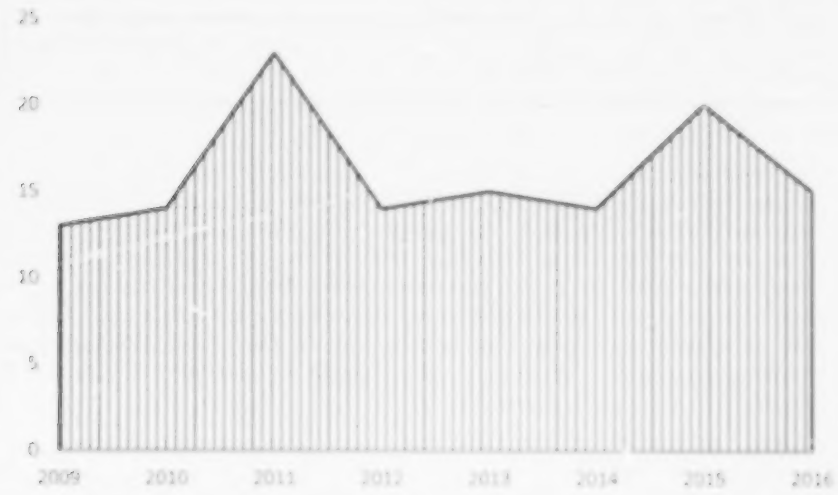
[9] Available from: https://www.wto.org/english/news_e/news17_e/g20_wto_report_june17_e.pdf.

[10] Ongoing UNCTAD analysis estimates product price increases due to regulatory measures can be reduced by 20 to 30 per cent through regulatory convergence.

Figure 11

Trade-restrictive measures, excluding trade remedies, 2009-2016

(average per month)



Source: WTO secretariat

Note: Figure for 2016 is preliminary, based on figures as of October 2016.

2. Trends in trade policy

28. Despite setbacks, multilateral trade negotiations are progressing in a more focused and less ambitious manner. Notable for its expected economic impact, the WTO Agreement on Trade Facilitation entered into force in February 2017 and contains provisions for expediting international merchandise movement, including customs administration clearance.[11] The expansion of the Ministerial Declaration on Trade in Information Technology Products, agreed at the Nairobi ministerial conference in December 2015, is on track to secure full implementation.[12] The success in this sectoral agreement, as well as the landmark signature of the Paris Agreement on climate change at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, paved the way for a new round of negotiations on an environmental goods agreement. A total of 46 WTO members have joined the negotiations, which seek to eliminate tariffs on important, environment-related products.[13] Negotiations on services, previously sidelined during the Doha Development Round, were taken out of the multilateral stage and moved into the Trade in Services Agreement, although that is not formally a WTO negotiation.[14]

29. Regional trade agreements have proliferated in past decades. As of the beginning of 2017, the WTO has been notified of over 600 such agreements, and more are currently under negotiation. With a conclusion of the regional trade

[11] The WTO World Trade Report 2015 states that successful implementation of the Agreement on Trade Facilitation would boost developing country exports by up to $730 billion per year.

[12] The expanded Ministerial Declaration on Trade in Information Technology Products eliminates tariffs on additional products valued at over $1.3 trillion in annual trade.

[13] The participants in the negotiations on an environmental goods agreement account for a large majority of global trade in environmental goods, representing a critical mass, which could ensure that the benefits of an agreement are extended to the entire WTO membership.

[14] If the Trade in Services Agreement reaches a critical mass of signatories, for example, it could be reinstated as a multilateral agreement.

agreement between Japan and Mongolia, the WTO reached a milestone: all WTO members now participate in at least one regional trade agreement.

30. Regional trade agreements have, however, faced new obstacles — Brexit may represent the largest of these.[15] The Comprehensive Economic and Trade Agreement between Canada and the European Union faced last-minute problems before being accepted by the European Parliament in February 2017. In early 2017, the United States of America withdrew from the Trans-Pacific Partnership and is preparing to renegotiate the North American Free Trade Agreement.[16]

31. Nevertheless, regional integration will continue to play a huge role in determining the economic futures of billions of people in the foreseeable future, especially in the developing world. The global spotlight has turned to the ASEAN-led Regional Comprehensive Economic Partnership. Strategically, how the Partnership evolves will go far in determining trade's development role across the wider Asia-Pacific region. Similarly, the One Belt, One Road initiative of China is likely to completely transform trade across Asia in the coming decade. This $900 billion project would involve the development of economic corridors that could facilitate energy and industrial clusters.

32. Further, African Union member States have committed to establishing the African Continental Free Trade Area by the end of 2017, with an important milestone reached during this year: the adoption of the modalities for negotiations on tariffs and services.[17] Provided soft and hard investment programmes in accompanying trade and transport facilitation are implemented, the Area could increase intraregional trade growth dramatically. Its implementation is expected to pave the way for the industrialization, export diversification and economic transformation necessary for African countries to achieve the ambitious targets of the 2030 Agenda for Sustainable Development and Africa's own Agenda 2063. There is much room for gains for African trade integration, as the share of intraregional exports-imports in total world trade in 2015 was about 15 per cent in developing Africa, compared 19 to 20 per cent in developing America and 48 to 51 per cent in developing Asia.[18]

[15] For a review of trends in regionalism, see TD/B/64/10.

[16] Both Canada and Mexico have expressed willingness to renegotiate the North American Free Trade Agreement.

[17] UNCTAD, "Elements of modalities for the African Continental Free Trade Area market access negotiations on tariffs", 2015. Available from: unctad.org/en/PublicationsLibrary/ditc2015misc3_en.pdf.

[18] *Economic Development in Africa Report 2013* (United Nations publication, Sales No. E.13.II.D.2).

Box

Evolution of South-South trade

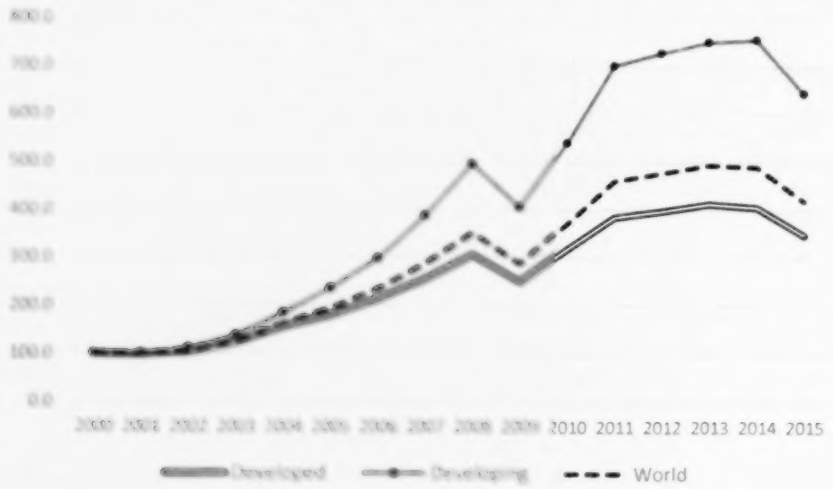
The last two decades have been characterized by rising interdependence among developing countries' economies, especially on a regional basis. In the decade preceding the global crisis, South-South trade rose from one fifth to approximately one fourth of world trade, making it approximately equal to North-North trade. Since 2008, developing countries as a whole have been exporting more to the South than to the North.

With the exception of 2009, when South-South trade collapsed together with overall trade, South-South trade grew at rates of more than 20 per cent per year from 2003 to 2011. However, since 2012, the growth in South-South trade has slowed down considerably, affected, among other things, by the decline in the price of commodities. In 2014, South-South trade growth stalled, while preliminary estimates indicate that, in 2015, it fell by about 15 per cent, a decline slightly deeper than that in North-South trade flows, which declined by 13 per cent.

33. As of 2015, trade among developing countries (South-South) was in the order of $5 trillion, up from less than $1.5 trillion in 2000. Brazil, China and India now account for a quarter of Africa's total exports, up from a little over 10 per cent in 2005. Currently, South-South trade for Asia accounts for 54 per cent of total merchandise exports and 53 per cent of imports, up from 27 per cent and 34 per cent, respectively, in the early 2000s.

Figure 12

South-South trade, 2000-2015



Source: World Bank.

Note: Based on exports of merchandises by income group.

III. Trade as a target for populism, nationalism and unilateralism

A. Back to a "new normal" of slow trade growth?

34. After several decades of trade increasing more rapidly than the growth in global GDP, the global trade-to-GDP ratio rose from 19 per cent in 1980 to 31 per cent in 2008. Since then, it has fallen to less than 25 per cent in 2016. Discussions of this trend are the subject of a dense literature,[19] which explores the cyclical factors that constrain demand, in particular for imports: the post-global crisis recession (especially in Europe), increasing unemployment, and public and private debt overhangs, resulting in weak consumption and investment.

35. The slowdown may also reflect the stabilization of emerging economies, which experienced the rapid integration of Eastern Asia and Eastern Europe into the global industrial economy. Data shows this trend was first temporarily interrupted by the global financial crisis, but the fragmenting international production via global value chains continued until 2011. The most recent data on the period from 2011 to 2014 indicate that the process of international fragmentation probably stalled in recent years.[20]

36. Furthermore, the rise in income that has accompanied the process of increasing globalization has gradually shifted household demand towards less tradable products such as housing, education and health services.[21] Since the financial crisis, real wages for unskilled labour in many developed countries have been stagnant, and many jobs in industry and manufacturing have been lost, despite the talk of recovery. Trade openness is no longer seen by some as the win-win strategy it was when trade was rapidly growing. A rise in protectionist policies and increased government support for domestic industries has been observed in response to sluggish trade growth and world GDP growth.

B. Is trade really the problem?

37. Trade is a necessary but not sufficient condition for inclusive and sustainable development. Although trade has consistently delivered net benefits, actual gains will accrue in an uneven manner across sectors, through supply chains and between socioeconomic groups. Despite a longstanding recognition of this imbalance, little has been done to effectively implement mechanisms to mitigate its effects.

38. In these circumstances, trade is being used as a scapegoat. The downturn in employment opportunities in manufacturing and industrial sectors has been blamed largely on offshoring and increased competition from cheaper imports. Accordingly, the rhetoric regarding the multilateral trading system has shifted significantly, which belies a lack of trust in trade and trade policy. A lack of inclusiveness of trade, perceived or real, has led to an erosion of the legitimacy of trade policy.

39. It is readily acknowledged that trade benefits accrue unevenly and that increased competition has led to declines in the numbers employed in some

[19] For a review, see B. Hoekman, ed., *The Global Trade Slowdown: A New Normal?* Available from: www.voxeu.org/content/global-trade-slowdown-new-normal.

[20] M. Timmer, B. Los, G. de Vries, and R. Stehrer, "An Anatomy of the Global Trade Slowdown based on the WIOD 2016 Release", Groningen Growth and Development Centre research memorandum No. 162 (University of Groningen, Netherlands), 2016.

[21] H. Escaith and S. Miroudot, "World Trade and Income Remain Exposed to Gravity", in B. Hoekman, ed., *The Global Trade Slowdown: A New Normal?*, pp 127-160. Available from: www.voxeu.org/content/global-trade-slowdown-new-normal.

industries in developed countries. Various studies[22] highlight the importance of China's emergence as a global exporter as a determinant of United States unemployment, but only 20 per cent of manufacturing job losses in the period 1999 to 2011 is attributed to this factor. For the period 2000 to 2010, another study[23] finds that, of the 5.6 million manufacturing jobs lost, 85 per cent could be attributed to productivity growth and 13 per cent to trade. The study estimates that more than 8 million additional manufacturing workers would be needed if United States productivity levels of 2000 were applied to output from 2010.

40. Technical progress and automation have reduced demand for low- and medium-skilled workers, suppressing wage growth for affected industrial and manufacturing workers and creating much of the hardship and displacement experienced by them. With a new industrial revolution in process, and despite manufacturing output growth in several developed countries, there appears to be much scope for this process to continue. One study published in 2017[24] estimates the 47 per cent of United States workers had jobs exposed to high risks of future automation. Further studies make equivalent estimates for the United Kingdom of Great Britain and Northern Ireland (35 per cent) and Japan (49 per cent). Simultaneously, the productivity and income of highly skilled employees have increased, leading to wider income gaps.

41. Many people are left behind owing not to trade but to a lack of economic opportunity and social mobility. Productivity gains have been the primary cause of diminished employment in industrial and manufacturing sectors, with trade playing a secondary role. Fortunately, the resolution of these employment issues, whether caused by trade or technology, are broadly similar. Well-implemented programmes aimed at helping workers to be reskilled and to relocate to pursue the benefits economic of growth, openness and technological advances should be priorities for domestic policymakers.

42. Misidentifying trade as the main driver these trends poses the risk of policy actions being implemented that cut off trade benefits without addressing the actual reasons for jobless growth. While trade does contribute to job losses in some sectors, limiting trade opportunities and shielding firms from competition only ensures they will lack access to new technology, innovations and progress as investment migrates to more competitive markets. Despite the unevenness of trade benefits, studies show that trade may assist the poor and bring about net benefits. A recent study[25] highlights the pro-poor impact of trade, represented by lower consumer prices and increased choice, especially for highly traded goods such as food and clothing. Another[26] finds that in the long run, trade with China increases welfare in the United States of America by 6.7 per cent, and that even in the short run, and despite competition from cheaper imports, overall welfare thus increases by 0.2 per cent, with gains across all states.

[22] D. H. Autor, D. Dorn and G. H. Hanson, "Untangling trade and technology: evidence from local labour markets", *The Economic Journal*, Vol. 125 (May 2015), pp. 621-646.

[23] Michael J. Hicks, and Srikant Devaraj, "The myth and the reality of manufacturing in America", Center for Business and Economic Research (Ball State University, United States of America) 2015. Available from: http://conexus.cberdata.org/files/MfgReality.pdf.

[24] Carl Benedikt Frey and Michael A. Osborne, "The future of employment: how susceptible are jobs to computerisation?", *Technological Forecasting and Social Change*, Vol. 114 (2017), pp. 254-280.

[25] Fajgelbaum and Khandelwal, "Measuring the unequal gains from trade", *The Quarterly Journal of Economics*, Vol. 131, 2016.

[26] Lorenzo Caliendo, Maximiliano Dvorkin and Fernando Parro, "The impact of trade on labor market dynamics", National Bureau of Economic Research working paper No. 21149 (Washington, D.C). Available from: www.nber.org/papers/w21149.

43. On a global scale, expansionary trade policies have resulted in both people and countries now being more interconnected and interdependent than ever. Between 1970 and 2015, trade as a share of world GDP has almost tripled, to approximately 28 per cent, or 43 per cent within the European Union. This has created scale economies, specialization and competition that have in turn led to controlled inflation, greater choice, increased product quality and lower prices for a new generation of global consumers.

44. Trade has also proved to be an excellent medium to leverage and promote economic growth, lifting approximately a billion people out of extreme poverty. As such, with continued evolution and improvement, trade, trade policy and the multilateral trading system can continue to deliver gains to the vast majority of people for many years to come.

C. Multilateralism as the first best option for the international trading system

45. At its core, multilateralism remains the first best option for an international trading system to act as a fundamental driver of economic and social transformation. It provides a framework of rules, regulations and guidelines to which all members should adhere, resulting in a level playing field that enables fair and open access to the international trading system for all nations; both rich and poor, large and small. The multilateral trading system also provides dispute resolution mechanisms that offer fairness and predictability and, more importantly, solutions to commercial conflicts.

46. United Nations Member States have repeatedly pronounced their commitment to promoting a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system, consistent with the internationally agreed development goals, as provided today in Sustainable Development Goal 17, target 10.[27]

47. The multilateral trading system promotes reciprocity as a fundamental notion of international trade relations. Non-discrimination among trading nations, provided through a most-favoured-nation rule, is a primary principle of the modern system, with the ultimate goal of achieving freer trade. The most-favoured-nation rule ensures the system's integrity by providing equal rights to all parties, regardless of bargaining power, and constrains arbitrary behaviour and biased outcomes in competition for market access.

48. Economic globalization, through the expansion of free trade policies, has been changing the structure of many societies at an unprecedented speed. It creates new opportunities for some while bringing about dislocations for others, raising new risks for booms and busts, intensifying the problem of greater efficiency coexisting with greater inequality. Trade protectionism induced by a withdrawal from the commitments under the multilateral trading system cannot be a solution. Retracting from some of the largest multilateral trading blocs may risk diminishing the health of national economic performance, shrinking the breadth of consumer baskets and availability of modern services, and reducing inputs for production value chains. From a value-chain perspective, barring access to cheaper or more efficient imported inputs reduces the competitiveness of exporting firms at home. Whether and how countries in industrialized countries, emerging and developing countries and least developed countries manage the tensions that are produced by intensified

[27] See resolutions 70/187 and 71/214.

economic interactions will surely determine the scope and sustainability of economic globalization.

49. The solution to this dilemma should not be less trade, characterized by unilateralism and isolationism, but better trade, fashioned by the principles of inclusivity and equity. Trade alone, however, is not enough to enable countries to reach their economic and social objectives, and must be accompanied by a set of macroeconomic and sectoral policies in order to be inclusive and sustainable, and by social programmes in order to ensure fairness to those left behind.

50. On the contrary, protectionism has repeatedly proven to be a catalyst for breeding resentment among countries, which serves to strain international relations, leading historically to economic, political and even military confrontations. It is important for the international community to acknowledge this sentiment and address its causes. While trade has proven to be an enormous force for development and economic empowerment, the case in its favour must be expressed coherently and ardently by national governments and international institutions by highlighting the principle of non-discrimination through multilateralism.

51. Moreover, most emerging issues can no longer be solved unilaterally. The degradation of our oceans or the causes and consequences of climate change that threaten the ability of large numbers of people to lead dignified lives cannot be addressed by anything other than world consensus. The issues require concerted and collective actions and global implementation. The multilateral trading system provides such a framework and a forum. Indeed, despite stalemates in some areas, agreements on a wide range of issues, such as trade facilitation, information technologies and export subsidies have been consistently achieved at WTO.

IV. Trade for development: creating opportunities in uncertain times

A. Revitalizing trade policy and the multilateral trading system

52. Against the backdrop of weak trade and economic recovery following the great recession, trade policy should not regress to inward-looking, protectionist approaches. On the contrary, a coherent approach would enable international economic and trading environment for all countries to benefit from trade growth according to their competitive strengths and participation in world trade.

53. In the face of constantly changing and evolving challenges in the world economy, including the resurgence of nationalist sentiment backed by anti-trade rhetoric, international trade policies should be aimed at increasing social welfare and achieving inclusive economic growth and the Sustainable Development Goals by means of international trade and its related tools and instruments. In terms of regional trade agreements, an evolved trade policy stance in this regard would not encourage economically weaker countries to eschew multilateralism in favour of bilateral trade deals, as the latter are likely to represent unfair trade deals. While the allure of preferential access to a major economy may entice smaller countries to open up to such deals, the medium- to long-term impacts on these countries could include losses in competitiveness, industrial output and jobs.

54. At the multilateral level, the conclusion of the Doha Development Round with important development outcomes, such as provisions on special and differential treatment, remains a major goal. Several key Doha Development Round negotiation subjects have also been identified in the 2030 Agenda for Sustainable Development,

such as the elimination of fisheries subsidies. WTO members are challenged to ensure concrete progress at the eleventh WTO ministerial conference.

55. Recent trade agreements have incorporated new issues, such as health and safety standards, intellectual property rights, environmental standards, gender equality and rules for trade in services, competition and foreign investment. Not only does the inclusion of such issues affect the way in which negotiations are carried out, but it also has discernible social effects. For example, the International Labour Organization highlights that trade agreements containing clauses to promote female labour strengthen social dialogue concerning labour conditions.

56. To ensure fair trade, agreements could be more readily broadened to contain measures designed to militate against particular factors that undercut domestic social arrangements. Some of these measures, such as anti-dumping and safeguard remedies, are already commonplace. Addressing the issue of trade flows that raise questions of distributive justice owing to, for instance, significant asymmetries in labour rights or environmental standards, would deny populists the opportunity to level more widespread criticisms at trade as a whole.

57. Furthermore, acknowledging participants' heterogeneity may not ensure that commitments are applied identically, but would reassure those who stand to lose out that the resulting competition is fair, while also achieving important goals. Whatever the nuances of a particular policy, it is essential that domestic policies represent a coherent and complementary set of measures (including standards on, inter alia, the environment, competition, consumer protection, labour and gender) that promote equitable, inclusive and sustainable outcomes.

58. Similarly, in order for the process of trade integration to be delivering not only in terms of economic gains but also in the broader terms of sustainable development, it is important that the multilateral trading system be increasingly characterized by institutional coherence among a network of cooperating transnational institutions, which deal in both hard rules and soft norms, guidelines and commitments. It remains vital that WTO, as the rule-making body, remain a fundamental hub in an interactive, cooperative multilateral trading system. At the same time, progress should be made in relevant international forums in advancing trade-enhancing strategies that address socioeconomic and development concerns such as poverty reduction, job creation, food security, gender equality, climate change and environmental sustainability.

B. Regionalism and development

59. Regional integration could play a critical role in coordinating and mainstreaming development initiatives in the context of the 2030 Agenda for Sustainable Development,[28] in particular by acting as catalyst to reduce trade barriers, implement policy reforms, decrease trade costs and increase developing countries' participation in regional and global value chains. Indeed, there is increasing acknowledgement of the significant gains in welfare that can be achieved through regional integration that incorporates the harmonization of legal, regulatory and institutional frameworks.[29]

60. Regional trade agreements can dramatically expand markets for smaller developing countries, increasing competition and boosting productivity and

[28] UNCTAD, *Economic Development in Africa Report 2016* (United Nations publication, Sales No. E.16.II.D.3), p.7.

[29] UNCTAD, *Economic Development in Africa Report 2015* (United Nations publication, Sales No. E.15.II.D.2).

innovation. In this context, given the implementation of holistic and integrated approaches required to build productive capacities, as highlighted in paragraphs 58 and 68 of the Nairobi Maafikiano, the emergence of regional value chains provides important opportunities, in particular as they represent stepping stones for the small firms that predominantly constitute the industrial and manufacturing sectors in many developing countries. Regional integration in the context of global value chains is likely to be the key to successful export-orientated growth and, accordingly, an instrument of development policy.

61. Comprehensive regional integration can serve as a path for harmonizing non-tariff measures, which are driven by non-trade policy objectives, such as quality and safety standards, and such measures are increasing. However, they have also a critical role in determining market access conditions, as compliance is often a sine qua non for exporting to developed countries' markets. The potentially negative effects of the cost of compliance may be reduced through harmonization (the creation of a common definition of both policy objectives and technical requirements) or mutual recognition (a reciprocal acceptance of the measures applied in both countries). The implementation of these processes is easier within the framework of regional trade agreements, owing to increased confidence among members and the provision of technical assistance for increasing compliance capacities.

62. In recent years, the pace of negotiations on sustainable development issues have progressed relatively more quickly at the regional level, with an increasing number of regional trade agreements incorporating provisions that serve to address environmental, social and developmental concerns. Particular prevalence has been achieved with the inclusion of gender mainstreaming in many contemporary regional trade agreements.[30]

63. As outlined by the Nairobi Maafikiano,[31] there is a need to ensure that deeper regional integration is not pursued at the expense of the multilateral trading system. Regional trade agreements should be consistent with, and should contribute towards, a stronger multilateral trading system, being open to incorporating existing and potential future multilateral obligations, and the provisions therein should remain coherent with the relevant commitments made under WTO.[32]

64. Increased regional integration can also provide a more stable foundation for the multilateral trading system by strengthening the bargaining power of developing countries in multilateral negotiations; opening additional channels of communication among developing countries; increasing knowledge of and confidence in the capacities available in developing countries; and encouraging policy coordination and coherence on issues relevant to developing countries.

C. Wider social safety nets

65. To properly address the grievances of those who lose out from trade and technological progress, appropriate mechanisms must design, finance, implement and enforce policies that properly compensate and reintegrate those who are affected. Many countries maintain social protection and retraining programmes, but in many cases, they have not been expanded to account for the past few decades of technological revolution and global trade expansion. By widening their scope to

[30] See TD/B/64/5.

[31] See TD/519/Add.2, para. 29.

[32] For example, article XXIV or the Enabling Clause of the General Agreement on Tariffs and Trade.

include elements related to mobility, housing, education, skills development and credit, these programmes may address the need for a more adaptable workforce that is capable of engaging in increasingly skilled, computerized or service-based employment. The International Monetary Fund, the World Bank and WTO have provided an overview and critique of different types of such programmes.[33]

66. Further, the introduction of new technologies may signal the end of abundant unskilled labour as a comparative advantage for labour-intensive manufactured goods. Many developing countries experience high demographic growth rates that require corresponding job creation rates. Investing in human capital through education and social programmes, as promoted by the Sustainable Development Goals, is also a priority for low and middle-income developing countries if they wish to diversify their exports towards manufactured goods.

D. The 2030 Agenda for Sustainable Development and implementation of Sustainable Development Goals

67. Ongoing changes and persistent weakness in international trade will affect development opportunities both in economic terms and in terms of the Sustainable Development Goals. The 2030 Agenda for Sustainable Development and the Goals include actions to create an environment conducive to global trade flourishing and should be taken up as the basis for the construction of future trade policy. In particular, Goal 17 specifically calls for the facilitation of the integration of poorer countries in the global economy, including by doubling least developed countries' share of global exports by 2020.

68. It should be noted that several Millennium Development Goals (MDGs) were achieved because their implementation period fell during a period of strong global economic growth and rapid integration of many developing countries into the global manufacturing economy. The Sustainable Development Goals, while necessarily more ambitious than the MDGs, are facing a more uncertain economic and geopolitical environment. Considering the recent trends in international trade and economic growth, it is likely that the achievement of the Sustainable Development Goals will encounter some headwinds.

69. Furthermore, it is often feared that, following the significant progress on trade and market access realized under the MDGs, trade has taken a backseat in contemporary development strategy. Today, tariffs applied by developed economies on many developing and least developed countries are quite low, and the average tariffs levied on their key products, which were addressed in an MDG target, have not changed significantly in recent years. This is a success of the MDGs, but as noted above, the absence of new trade initiatives represents a crisis of sorts in the multilateral trading system.

70. Much remains to be done. The import tariffs applied to key sectors remain high, owing to the exclusion of apparel from the United States Generalized System of Preferences scheme for Asian least developed countries such as Bangladesh and Cambodia. Most labour-intensive exports from least developed countries to other developing countries do not benefit from preferences, with some important exceptions.[34] In addition, non-tariff measures have proliferated and pose significant

[33] International Monetary Fund, World Bank and World Trade Organization, *Making Trade an Engine of Growth for All: the Case for Trade and for Policies to Facilitate Adjustment* (April 2017). Available from: www.imf.org/en/Publications/Policy-Papers/Issues/2017/04/08/making-trade-an-engine-of-growth-for-all.

[34] China, Chile, India, the Republic of Korea, Thailand and Turkey have announced that they have implemented special treatment for imports from least developed countries.

hurdles to global trade. South-South least developed country exports remain very concentrated in fuels and minerals, and there is great potential for diversification into more labour-intensive products such as food or light manufacture.

71. Under the current framework, the achievement of the Sustainable Development Goals is largely within the domain of national policies. However, while countries remain first and foremost responsible for their own development strategies, appropriate trading rules can support these strategies and provide a framework for long-term objectives. Trade rules could be designed to: reduce trade policy uncertainty; promote the structural transformation of low-income and/or commodity-dependent developing countries; devise regulatory measure and standards (including in the areas of health, environment and competition policy) that enhance and not undermine the trade flows of developing countries; and put in place policy measures to achieve inclusive trade (such as for small and medium-sized enterprises, women, young adults and vulnerable people).

72. All things considered, the current global economic uncertainty and the need for more inclusive and sustainable development strategies require stronger policy commitments at both the national and international levels. As progress on the sustainable development agenda cannot be delayed, it is important that the trading system improve on delivery, not only in terms of economic growth but also in terms of inclusive and sustainable growth.

V. Conclusion

73. The prolonged post-crisis decline in world trade relative to GDP, which continued in 2015 and 2016, has directly affected the ability of countries across the globe to implement the Sustainable Development Goals, and has been accompanied by rising concerns about the impact of further trade openness, immigration and globalization as a whole. The performance of international trade in 2017 and beyond will be respond in particular to the possibility of increased policy uncertainty and of the implementation of inward-looking trade policies. These major concerns for the recovery of international trade must be addressed by the international community. Advancement of the WTO Doha Development Round agenda and progress on the development dimensions of the negotiations at the eleventh WTO ministerial conference would represent a much needed boost towards greater policy certainty and enhance the capacity of the multilateral trading system to contribute to sustainable development outcomes.

74. Trade policies should be devised so that trade fosters economic growth that is both inclusive and sustainable. Social and environmental concerns should be the object of more holistic policies that deal with both production and consumption patterns, such as regional and global value chains. In the policymaking process, trade-enhancing strategies must squarely address socioeconomic and development concerns such as poverty reduction, job creation, food security, gender equality and environmental sustainability. Above all, sustainable development, as represented by the achievement of the Sustainable Developments Goals, should be the focus of trade strategies.